

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2008

 ONE HUNDRED TENTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 1, 2008

The House of Representatives convened at 9:30 a.m. and was called to order by Dennis Ozment, Speaker pro tempore.

Prayer was offered by the Reverend Richard D. Buller, House Chaplain.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dittrich	Heidgerken	Liebling	Otremba	Slocum
Anderson, B.	Dominguez	Hilstrom	Lieder	Ozment	Smith
Anderson, S.	Doty	Hilty	Lillie	Paulsen	Solberg
Anzelc	Drazkowski	Holberg	Loeffler	Paymar	Swails
Atkins	Eastlund	Hoppe	Madore	Pelowski	Thao
Benson	Eken	Hortman	Magnus	Peppin	Thissen
Berns	Emmer	Hosch	Mahoney	Peterson, A.	Tillberry
Bigham	Erickson	Howes	Marquart	Peterson, N.	Tingelstad
Bly	Faust	Huntley	Masin	Peterson, S.	Tschumper
Brod	Finstad	Jaros	McFarlane	Poppe	Urdahl
Brown	Fritz	Johnson	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Juhnke	Morgan	Ruth	Walker
Buesgens	Garofalo	Kahn	Morrow	Ruud	Ward
Bunn	Gottwalt	Kalin	Mullery	Sailer	Wardlow
Carlson	Greiling	Knuth	Murphy, E.	Scalze	Welti
Clark	Gunther	Koenen	Murphy, M.	Seifert	Westrom
Cornish	Hackbarth	Kohls	Nelson	Sertich	Winkler
Davnie	Hamilton	Laine	Nornes	Severson	Wollschlager
Dean	Hansen	Lanning	Norton	Shimanski	Zellers
Demmer	Hausman	Lenczewski	Olin	Simon	Spk. Kelliher
Dill	Haws	Lesch	Olson	Simpson	

A quorum was present.

Beard and Moe were excused.

Slawik was excused until 10:10 a.m. Mariani was excused until 10:30 a.m. Kranz was excused until 10:40 a.m. DeLaForest was excused until 11:20 a.m. Erhardt was excused until 2:10 p.m. Hornstein was excused until 2:45 p.m. Dettmer was excused until 2:50 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Berns moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 1724, A bill for an act relating to occupations and professions; providing for registration of naturopathic doctors; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 147E.

Reported the same back with the following amendments:

Page 12, line 13, delete "\$13,000" and insert "\$8,000" and delete everything after "2009"

Page 12, line 14, delete "2011 are" and insert "is"

With the recommendation that when so amended the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 2291, A bill for an act relating to education; modifying provisions governing appeals of graduation test scores; amending Minnesota Statutes 2006, section 120B.36, as amended.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3032, A bill for an act relating to state lands; modifying Minnesota critical habitat private sector matching account; modifying certain enforcement authority; modifying timber permit provisions; modifying outdoor recreation system; adding to and deleting from state parks, recreation areas, and forests; modifying authority to convey private easements on tax-forfeited land; providing for public and private sales, conveyances, and exchanges of certain state land; authorizing 30-year leases of tax-forfeited and other state lands for wind energy projects; amending Minnesota Statutes 2006, sections 84.943, subdivision 5; 86A.04; 86A.08, subdivision 1; 90.151, subdivision 1; 282.04, subdivision 4a; Laws 2006, chapter 236, article 1, section 43; proposing coding for new law in Minnesota Statutes, chapter 84B.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3082, A bill for an act relating to retirement; amending the correctional state employees retirement plan; adding two employment positions to retirement plan coverage; amending Minnesota Statutes 2007 Supplement, section 352.91, subdivision 3d.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

POSTRETIREMENT PROVISIONS

Section 1. Minnesota Statutes 2006, section 11A.18, is amended by adding a subdivision to read:

Subd. 2a. **Composite funded ratio.** (a) Annually, following June 30, the executive director of the State Board of Investment shall determine the composite funded ratio of the postretirement investment fund. The composite funded ratio must be stated as a percentage and must be calculated using:

(1) the total fair market value of the postretirement investment fund as of June 30, calculated in accordance with generally accepted accounting principles; divided by

(2) the total reserves required as of June 30 for the annuities or benefits payable from the postretirement investment fund on that June 30 to all recipients of participating public pension plans or funds, as determined by the actuary retained under section 356.214 using the applicable assumptions in section 356.215.

(b) The executive director of the State Board of Investment shall certify the composite funded ratio to the executive directors of the plans participating in the Minnesota postretirement investment fund and to the executive director of the Legislative Commission on Pensions and Retirement by November 30 annually.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 2. Minnesota Statutes 2006, section 11A.18, subdivision 9, is amended to read:

Subd. 9. **Calculation of postretirement adjustment.** (a) Annually, following June 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine whether a postretirement adjustment under this subdivision is payable and to determine the amount of any postretirement adjustment under this subdivision.

(b)(1) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the state board shall certify the percentage increase.

(2) The amount certified must not exceed ~~the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or 2.5 percent for the Minneapolis Employees Retirement Fund, the amount certified must not exceed 3.5 percent.~~

(c) If the amount calculated under paragraph (b), clause (1), is greater than the maximum amount allowable under paragraph (b), clause (2), in addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

(1) the state board shall determine the total fair market value of the fund on June 30 of that year;

(2) the amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient of the participating public pension plans or funds must be determined by the actuary retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment. This amount is known as "eligible reserves." Each fund shall also report separately the amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment. This amount is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, each fund shall report separately as additional "eligible reserves" an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves must be separately reported as additional "noneligible reserves." The amount of "eligible" and "noneligible" required reserves must be certified to the board by the actuary retained under section 356.214 as soon as is practical following the current June 30;

(3) the state board shall determine the percentage increase certified under paragraph (b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses under subdivision 11, determined under clause (2);

(4) the state board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under clause (3);

(5) the state board shall subtract the amount determined under clause (4) from the total fair market value of the fund determined under clause (1);

(6) the state board shall adjust the amount determined under clause (5) by the cumulative current balance determined under clause (8) and any negative balance carried forward under clause (9);

(7) a positive amount resulting from the calculations in clauses (1) to (6) is the excess market value. A negative amount is the negative balance;

(8) the state board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(9) to calculate the postretirement adjustment under this paragraph ~~based on investment performance for a fiscal year~~, the state board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under clause (2). The percentage determined under this paragraph is not payable unless the amount calculated under paragraph (b), clause (1), is greater than 2.5 percent and must not exceed the difference by which the amount calculated under paragraph (b), clause (1), exceeds 2.5 percent.

(d) The state board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(1) The total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by clause (2) must be certified to the state board by the actuary retained under section 356.214. The total "eligible" required reserves must be determined by the actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(2) The state board shall add the percentage certified under paragraph (b) to any positive percentage calculated under paragraph (c). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under paragraph (c). The sum of these percentages ~~must be carried to five decimal places and~~ must be certified to each participating public pension fund or plan as the full postretirement adjustment percentage. The full postretirement adjustment percentage certified to each participating public pension plan or fund must not exceed five percent. ~~For the Minneapolis Employees Retirement Fund, no maximum percentage adjustment is applicable.~~

(e) A retirement annuity payable in the event of retirement before becoming eligible for Social Security benefits as provided in section 352.116, subdivision 3; 353.29, subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 or 65, whichever applies. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 3. Minnesota Statutes 2006, section 11A.18, is amended by adding a subdivision to read:

Subd. 9a. **Lost purchasing power increase.** (a) This subdivision applies for fiscal years ending June 30 in which all of the following conditions exist:

(1) the composite funded ratio for the postretirement investment fund as of June 30 as certified by the executive director of the State Board of Investment under subdivision 2a is more than 90 percent;

(2) the State Board of Investment determines that the time-weighted total rate of return on investment of assets in the postretirement investment fund for the fiscal year ending June 30 exceeds 8.5 percent; and

(3) the postretirement adjustment percentage certified under subdivision 9, paragraph (b), is less than 2.5 percent.

(b) The lost purchasing power postretirement increase is payable the following January 1.

(c) Each participating public pension plan must annually calculate:

(1) the cumulative postretirement adjustment percentage applied to the annuity or benefit paid to each eligible annuitant and benefit recipient since the person first received a postretirement adjustment; and

(2) the increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor from June 30 of the year before the person first received a postretirement adjustment to June 30 of the current year. If a person received a prorated increase under subdivision 9, paragraph (c), clause (2), the same ratio of the number of months receiving a monthly benefit to 12 months must be applied to the inflation calculation for the fiscal year used to calculate the prorated amount of lost purchasing power for that period.

(d) If the percentage in paragraph (c), clause (2), is greater than the percentage in paragraph (c), clause (1), with respect to an eligible annuitant or benefit recipient, and the conditions in paragraph (a) exist, that person is eligible to receive an increase under this subdivision.

(e) The percentage increase payable to an eligible annuitant or benefit recipient under this subdivision may not exceed the difference between 2.5 percent and the amount certified under subdivision 9 or the amount calculated under paragraph (c), whichever is lower. The percentage increase otherwise payable under this subdivision must be reduced as provided in paragraph (f).

(f) The actuary retained under section 356.214 must determine:

(1) the reserves that would be required to pay in full the adjustments determined under paragraph (c); and

(2) the excess market value necessary to maintain the accrued liability composite funding ratio determined under subdivision 2a is at least 90 percent. If the calculated result under clause (1) is greater than the calculated result under this clause, the increase payable to each eligible annuitant or benefit recipient under this subdivision must be reduced to that portion of the full potential increase amount that equals the ratio that the calculated result under this clause bears to the calculated result under clause (1).

(g) A percentage increase certified under this subdivision must be added to the percentage certified under subdivision 9 and the total resulting percentage must be certified to each participating public pension plan as the full postretirement adjustment percentage.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 4. Minnesota Statutes 2006, section 11A.18, is amended by adding a subdivision to read:

Subd. 9b. **Excess assets trigger.** If the composite funded ratio of the postretirement investment fund determined under subdivision 2a is 115 percent or greater as of June 30 of any year, the governing bodies of the retirement plans participating in the postretirement investment fund must jointly report to the Legislative Commission on Pensions and Retirement by the next January 15. The report must evaluate and make recommendations with respect to the overall benefits and funding of the retirement funds for both active employees and benefit recipients.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 5. Minnesota Statutes 2006, section 356.41, is amended to read:

356.41 BENEFIT ADJUSTMENTS FOR CERTAIN DISABILITY AND SURVIVOR BENEFITS.

(a) Disability benefits payable to a disabilitant, if not otherwise included in the participation in the Minnesota postretirement investment fund, and survivor benefits payable to a survivor from any public pension plan which participates in the Minnesota postretirement investment fund must be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to comparable eligible benefit recipients of that public pension plan.

(b) If a disability benefit is not included in the participation in the Minnesota postretirement investment fund, the disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment under this section if the disability benefit was not recomputed, the recipient remains eligible for the adjustment under this section after the recomputation.

(c) For the survivor of a deceased annuitant who receives a survivor benefit calculated under a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant must be utilized in determining the period of receipt for eligibility to receive an adjustment under this section.

(d) No recipient, however, is entitled to more than one adjustment under this section or section 11A.18 applicable to one benefit ~~at one time~~ during a year by reason of this section.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 6. Minnesota Statutes 2007 Supplement, section 422A.06, subdivision 8, is amended to read:

Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund consists of amounts held for payment of retirement allowances for members retired under this chapter, including any transfer amount payable under subdivision 3, paragraph (c).

(b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves for retirement allowances under this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 must be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. There must be paid from this fund the retirement annuities authorized by law. A required reserve calculation for the retirement benefit fund must be made by the actuary retained under section 356.214 and must be certified to the retirement board by the actuary retained under section 356.214.

~~(e) The retirement benefit fund must be governed by the applicable laws governing the accounting and audit procedures, investment, actuarial requirements, calculation and payment of postretirement benefit adjustments, discharge of any deficiency in the assets of the fund when compared to the actuarially determined required reserves, and other applicable operations and procedures regarding the Minnesota postretirement investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996, section 11A.18, and any legal or administrative interpretations of those laws of the State Board of Investment, the legal advisor to the Board of Investment and the executive director of the State Board of Investment in effect on June 30, 1997. If a deferred yield adjustment account is established for the Minnesota postretirement investment fund before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the retirement board shall also establish and maintain a deferred yield adjustment account within this fund.~~

(c) There is established a deferred yield adjustment account which must be increased by the sale or disposition of any debt securities at less than book value and must be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account must be offset against the investment income for that year. The annual portion of the balance to be offset must be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account must be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess must be used to reduce the balance of the account. If the realized capital gains are sufficient to reduce the balance of the account to zero, any excess gains must be available for the calculation of postretirement adjustments.

(d)(1) Annually, following June 30, the board shall use the procedures in clauses (2), (3), and (4), to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.

(2) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the board shall certify the percentage increase. The amount certified must not exceed the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.

(3) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

(i) the board shall determine the market value of the fund on June 30 of that year;

(ii) the amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient must be determined by the actuary retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. The amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment is known as "eligible reserves." The amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, additional "eligible reserves" is an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves are "noneligible reserves";

(iii) the board shall determine the percentage increase certified under clause (2) multiplied by the eligible required reserves, as adjusted for mortality gains and losses, determined under item (ii);

(iv) the board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under item (iii);

(v) the board shall subtract the amount determined under item (iv) from the market value of the fund determined under item (i);

(vi) the board shall adjust the amount determined under item (v) by the cumulative current balance determined under item (viii) and any negative balance carried forward under item (ix);

(vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess market value. A negative amount is the negative balance;

(viii) the board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(ix) to calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under item (ii).

(4) The board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(i) the total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by item (ii) must be certified to the board by the actuary retained under section 356.214. The total "eligible" required reserves must be determined by the actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(ii) the board shall add the percentage certified under clause (2) to any positive percentage calculated under clause (3). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under clause (3). The sum of these percentages must be carried to five decimal places and must be certified as the full postretirement adjustment percentage.

(e) The board shall determine the amount of the postretirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the postretirement adjustment must be calculated by applying the certified postretirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient eligible for a full adjustment.

The dollar amount of the partial postretirement adjustment payable to each annuitant or benefit recipient eligible for a partial adjustment must be calculated by first determining a partial percentage amount that bears the same ratio to the certified full adjustment percentage amount as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The partial percentage amount determined must then be applied to the amount of the monthly annuity or benefit payable to each annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The postretirement adjustments are payable on January 1 following the calculations required under this section and must thereafter be included in the monthly annuity or benefit paid to the recipient. Any adjustments under this section must be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

(f) As of June 30 annually, the actuary retained under section 356.214 shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred during the fiscal year and report the results of those calculations to the plan. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a postretirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a postretirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the board shall sell sufficient securities or transfer sufficient available cash to equal the amount. If the amount of required reserves represents a mortality loss, the plan shall transfer an amount equal to the amount of the net mortality loss. The amount of the transfers must be determined before any postretirement benefit adjustments have been made. All transfers resulting from mortality adjustments must be completed annually by December 31 for the preceding June 30. Interest is payable on any transfers after December 31 based upon the preretirement interest assumption for the participating plan or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book values of the assets of the fund must be determined only after all adjustments for mortality gains and losses for the fiscal year have been made.

(g) All money necessary to meet the requirements of the certification of withdrawals and all money necessary to pay postretirement adjustments under this section are hereby and from time to time appropriated from the postretirement investment fund to the board.

~~(d)~~ (h) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of the Legislative Commission on Pensions and Retirement and to the commissioner of finance indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

~~(e)~~ (i) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the Metropolitan Airports Commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained under section 356.214.

EFFECTIVE DATE. This section is effective June 30, 2008.

ARTICLE 2

MINNESOTA POSTRETIREMENT INVESTMENT FUND DISSOLUTION

Section 1. **[11A.181] DISSOLUTION OF MINNESOTA POSTRETIREMENT INVESTMENT FUND.**

Subdivision 1. **Conditions for dissolution.** The postretirement investment fund established in section 11A.18 must be dissolved according to the schedule in subdivision 2 if the composite funded ratio calculated as of June 30 of that year under section 11A.18, subdivision 2a, is:

(1) less than 85 percent and was less than 85 percent as of June 30 of the immediately preceding year; or

(2) less than 80 percent.

Subd. 2. **Transition.** If conditions for dissolution of the postretirement investment fund under subdivision 1 apply:

(1) the retirement plans shall not transfer reserves as required under sections 11A.18, subdivision 6; 352.119, subdivision 2; 352B.26, subdivision 3; 353.271, subdivision 2; 354.63, subdivision 2; and 490.123, subdivision 1e, to the postretirement investment fund after December 31 of the calendar year in which conditions for dissolution under subdivision 1 occur;

(2) the retirement plans shall not transfer additional funds to the Minnesota postretirement investment fund as a result of the calculation by the actuary retained under section 356.214 of net mortality losses under section 11A.18, subdivision 11;

(3) the assets of the postretirement investment fund must be transferred back to each participating public retirement plan on June 30 of the year following the year in which conditions for dissolution under subdivision 1 occur. The assets to be transferred to each public retirement plan must be based on each plan's participation in the postretirement fund as determined under section 11A.18, subdivision 7, on the June 30 when the transfer back to the plan occurs; and

(4) the postretirement investment fund ceases to exist upon the transfer of all assets as required in clause (3).

Subd. 3. **Postretirement adjustments.** (a) Notwithstanding section 11A.18 or any other law to the contrary, if the postretirement investment fund is dissolved, postretirement adjustments are payable only as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant and benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the prior January 1; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1 of the year in which the person has been retired for less than 12 months.

(b) The increases provided by this subdivision commence on the first January 1 occurring after the postretirement fund is dissolved under subdivision 2.

EFFECTIVE DATE. This section is effective June 30, 2008.

Sec. 2. **PROPOSED STATUTORY CHANGES.**

By November 30 of the year in which conditions for dissolution of the postretirement investment fund first occur, the executive directors of the retirement systems that participate in the postretirement investment fund must report to the Legislative Commission on Pensions and Retirement a draft of proposed legislation that would make changes in statute necessary to conform with dissolution of the postretirement investment fund.

EFFECTIVE DATE. This section is effective June 30, 2008.

ARTICLE 3

PHASED RETIREMENT OR
RETURN TO EMPLOYMENT PROVISIONS

Section 1. Minnesota Statutes 2007 Supplement, section 43A.346, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section, "terminated state employee" means a person ~~currently occupying~~ who occupied a civil service position in the executive or legislative branch of state government, the Minnesota State Retirement System, the Public Employees Retirement Association, ~~or~~ the Office of the Legislative Auditor, or a person who was employed by the Metropolitan Council.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 2. Minnesota Statutes 2007 Supplement, section 43A.346, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) This section applies to a terminated state or Metropolitan Council employee who:

(1) for at least the five years immediately preceding separation under clause (2), ~~has been~~ was regularly scheduled to work 1,044 or more hours per year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association;

(2) ~~terminates~~ terminated state or Metropolitan Council employment;

(3) at the time of termination under clause (2), ~~meets met~~ the age and service requirements necessary to receive an unreduced retirement annuity from the plan and ~~satisfies satisfied~~ requirements for the commencement of the retirement annuity or, for ~~an a terminated~~ employee under the unclassified employees retirement plan, ~~meets met~~ the age and service requirements necessary to receive an unreduced retirement annuity from the plan and ~~satisfies satisfied~~ requirements for the commencement of the retirement annuity or ~~elects elected~~ a lump-sum payment; and

(4) agrees to accept a postretirement option position with the same or a different appointing authority, working a reduced schedule that is both (i) a reduction of at least 25 percent from the employee's number of previously regularly scheduled work hours; and (ii) 1,044 hours or less in state or Metropolitan Council service.

(b) For purposes of this section, an unreduced retirement annuity includes a retirement annuity computed under a provision of law which permits retirement, without application of an earlier retirement reduction factor, whenever age plus years of allowable service total at least 90.

(c) For purposes of this section, as it applies to staff of the Public Employees Retirement Association who are at least age 62, the length of separation requirement and termination of service requirement prohibiting return to work agreements under section 353.01, subdivisions 11a and 28, are not applicable.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 3. Minnesota Statutes 2006, section 43A.346, subdivision 4, is amended to read:

Subd. 4. **Annuity reduction not applicable.** Notwithstanding any law to the contrary, ~~when an eligible state employee in a postretirement option position under this section commences receipt of the annuity,~~ the provisions of section 352.115, subdivision 10, or 353.37 governing annuities of reemployed annuitants, shall not apply for the duration of a terminated state employee's employment in the a postretirement option position.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 4. Minnesota Statutes 2006, section 43A.346, subdivision 5, is amended to read:

Subd. 5. **Appointing authority discretion.** The appointing authority has sole discretion to determine if and the extent to which a postretirement option position under this section is available to a terminated state employee. Any offer of such a position must be made in writing to the employee person by the appointing authority on a form prescribed by the Department of Employee Relations and the Minnesota State Retirement System or the Public Employees Retirement Association. If the person is under age 62, an offer of a postretirement option position and any related verbal offer or agreement must not be made until at least 30 days after the person terminated employment. The appointing authority may not require a person to waive any rights under a collective bargaining agreement or unrepresented employee compensation plan as a condition of participation.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 43A.346, subdivision 6, is amended to read:

Subd. 6. **Duration.** Postretirement option employment shall be for an initial period not to exceed one year. During that period, the appointing authority may not modify the conditions specified in the written offer without the employee's agreement person's consent, except as required by law or by the collective bargaining agreement or compensation plan applicable to the employee person. At the end of the initial period, the appointing authority has sole discretion to determine if the offer of a postretirement option position will be renewed, renewed with modifications, or terminated. If the person is under age 62, an offer of renewal and any related verbal offer or agreement must not be made until at least 30 days after termination of the person's previous postretirement option

employment. Postretirement option employment may be renewed for periods of up to one year, not to exceed a total duration of five years. No person shall be employed in one or a combination of postretirement option positions under this section for a total of more than five years.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 6. Minnesota Statutes 2006, section 43A.346, subdivision 7, is amended to read:

Subd. 7. **Copy to fund.** The appointing authority shall provide the Minnesota State Retirement System or the Public Employees Retirement Association with a copy of the offer, the terminated state employee's acceptance of the terms, and any subsequent renewal agreement.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 7. Minnesota Statutes 2006, section 354.05, subdivision 37, is amended to read:

Subd. 37. **Termination of teaching service.** "Termination of teaching service" means the withdrawal of a member from active teaching service by resignation or the termination of the member's teaching contract by the employer. A member is not considered to have terminated teaching service, if before the age of 62, and before the effective date of the termination or retirement, the member has entered into a contract to resume teaching service with an employing unit covered by the provisions of this chapter. A contract to return to work after retirement for an active member who has attained age 62 must comply with the provisions of section 354.444.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 354.44, subdivision 5, is amended to read:

Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that all or a portion of the annuity payments must be reduced deferred during the calendar year immediately following any calendar year in which the person's income salary from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403 \$46,000. The amount of the reduction must be annuity deferral is one-half of the salary amount in excess of the applicable reemployment income maximum specified in this subdivision \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security full normal retirement age, no reemployment income maximum deferral requirement is applicable regardless of the amount of income salary.

(d) The amount of the retirement annuity reduction deferral must be handled or disposed of as provided in section 356.47.

(e) For the purpose of this subdivision, ~~income~~ salary from teaching service includes, but is not limited to:

(1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 9. **[354.444] RETURN TO WORK AGREEMENT.**

Subdivision 1. **Authorization.** Notwithstanding any other provisions in this chapter, an eligible person as specified in subdivision 2 is authorized to commence receipt of a retirement annuity from the association and enter into an agreement to return to work. This provision must be administered in accordance with the federal Internal Revenue Code and applicable rulings.

Subd. 2. **Eligibility.** An eligible person is a person who:

(1) is a teacher as defined by section 354.05, subdivision 2, who is at least age 62;

(2) enters into a written agreement with the employing unit to return to work; and

(3) retires under the provisions of section 354.44 and begins to draw an annuity from the Teachers Retirement Association.

Subd. 3. **Work agreement.** Participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employing unit and the employee. The employing unit may require up to a one-year notice of intent to participate in the program as a condition of participation. The employing unit shall determine the time of year the employee shall work. Unless otherwise specified in this section, the employing unit may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

Subd. 4. **Exclusion.** For purposes of this section, "employing unit" does not include the Minnesota State Colleges and Universities system.

Subd. 5. **No service credit or contribution.** Notwithstanding any law to the contrary, an eligible person under this section may not, based on employment to which this section applies, contribute to or earn further service credit in the Teachers Retirement Association.

Subd. 6. **Annuity application procedure.** A participant in the program specified in this section must apply for a retirement annuity under the application procedure specified in section 354.44, subdivisions 3 and 4. A copy of the written agreement with the employing unit must be included with the person's retirement annuity application. This written agreement must include the termination date and reemployment date. The filing of the initial executed agreement must occur before reemployment under the agreement commences. The reemployment date must be after the member's accrual date.

Subd. 7. **Annuity treatment.** For purposes of the annuity deferral under section 354.44, subdivision 5, an eligible person under this section is a reemployed annuitant.

Subd. 8. **Continuing rights.** A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 354A.31, subdivision 3, is amended to read:

Subd. 3. Resumption of teaching after commencement of a retirement annuity. (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be reduced deferred during the calendar year immediately following the calendar year in which the person's income salary from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403 \$46,000. The amount of the reduction must be annuity deferral is one-third the salary amount in excess of the applicable reemployment income maximum specified in this subdivision \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security normal retirement age of 70, no reemployment income maximum deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction deferral must be handled or disposed of as provided in section 356.47.

(e) For the purpose of this subdivision, income salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(f) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement income salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. **PERA POLICE AND FIRE; TEMPORARY EXEMPTION FROM REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.**

Notwithstanding any provision of Minnesota Statutes, section 353.37, to the contrary, a person who is receiving a retirement annuity from the public employees police and fire plan and who is employed as a sworn peace officer by the Metropolitan Airports Commission is exempt from the limitation on reemployed annuitant exempt earnings under Minnesota Statutes, section 353.37, for the period January 1, 2008, until December 31, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. **BYLAW REVISION AUTHORIZATION.**

Consistent with Minnesota Statutes, sections 354A.12, subdivisions 3 and 4, and 354A.31, subdivision 3, the St. Paul Teachers Retirement Fund Association and the Duluth Teachers Retirement Fund Association are authorized to revise their bylaws or articles of incorporation to specify that a person receiving a basic program retirement annuity or an old law coordinated program annuity under the governing sections in the articles of incorporation or bylaws who has resumed teaching service for the school district is entitled to continue receiving retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the reemployment exceeds \$46,000. The amount of the annuity deferral is one-third of the salary amount in excess of \$46,000. After a person has reached Social Security normal retirement age, the deferral requirement no longer applies. Any deferral amounts must be treated as specified in Minnesota Statutes, section 356.47.

EFFECTIVE DATE. This section is effective July 1, 2008.

ARTICLE 4

MANDATORY JOINT AND SURVIVOR BENEFIT FORM

Section 1. Minnesota Statutes 2006, section 352.12, subdivision 2, is amended to read:

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has credit for at least three years allowable service and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

(e) Any employee or former employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 352.931, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at least age 50, has credit for at least three years of allowable service, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and had credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(c) The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse. Any employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2006, section 353.30, subdivision 3, is amended to read:

Subd. 3. **Optional retirement annuity forms.** The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5. In establishing those optional forms, the board shall obtain the written recommendation of the actuary retained under

section 356.214. The recommendations shall be a part of the permanent records of the board. A member or former member may select an optional form of annuity, subject to the provisions of section 356.46, in lieu of accepting any other form of annuity which might otherwise be available.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 4. Minnesota Statutes 2007 Supplement, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who has credit for not less than three years of allowable service and dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(c) If a member who was under age 55 and has credit for at least three years of allowable service dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite the terms of a marriage dissolution decree filed with the association.

(e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death.

(f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(g) An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

(h) A member may specify in writing, with the signed consent of the spouse, that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this section does not make a dependent child eligible for benefits under subdivision 1c.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2007 Supplement, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and has credit for not less than three years allowable service or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2006, section 353E.07, subdivision 7, is amended to read:

Subd. 7. **Election that section does not apply.** A member may specify in writing, with the signed consent of the spouse, that this section does not apply and that payment must be made only to the designated beneficiary, as otherwise provided by this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2006, section 356.46, as amended by Laws 2007, chapter 134, article 2, section 44, is amended to read:

356.46 APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM; MANDATORY JOINT AND SURVIVOR OPTIONAL ANNUITY FORM.

Subdivision 1. **Definitions.** As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension ~~fund plan~~, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member or disabilitant and the spouse of the member or disabilitant on a joint basis during the lifetime of the retired member or disabilitant and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member or disabilitant.

(c) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) "Public pension plan" means a public pension plan as defined under section 356.63, paragraph (b).

(e) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension ~~fund plan~~ is entitled due to attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension ~~fund plan~~ is entitled due to a physical or mental inability to engage in specified employment.

Subd. 2. **Provision of information on annuity forms.** (a) Every public pension plan which provides for an annuity form other than a single life ~~retirement~~ annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the ~~optional~~ annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension ~~fund plan administration~~ concerning ~~the optional~~ all annuity forms provided by the plan. If the public pension plan offers joint and survivor optional annuity forms, the annuity application and accompanying information must include a statement informing the member and the member's spouse that, notwithstanding any law to the contrary, unless the spouse waives any rights to an optional annuity by a notarized statement on the annuity application or other form provided by the pension plan administration, the public pension plan administration shall assume that the member selected the 50 percent joint and survivor optional annuity form.

(b) In lieu of the notarized statement requirement referred to in paragraph (a), the pension plan administration may accept a statement which has been verified, including electronic verification, by administrators of the pension plan.

Subd. 3. Requirement of notice to member's spouse. (a) Except as specified in paragraph (c), if a Every public pension plan administration that provides optional retirement annuity forms which include for a joint and survivor optional retirement or disability annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election selection of a retirement annuity the form of retirement or disability benefit.

(b) Following the election selection of a retirement or disability annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the executive director of the public pension plan to the spouse of the retiring or disabled member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming acknowledging the receipt annuity form selected is on the annuity application or other form as designated by the plan. If the required signed acknowledgment is public pension plan administration has not received from the spouse within 30 days, a signed acknowledgment, because the annuity application or other form as designated by the public pension plan administration did not include the spouse's signature, the executive director of the public pension plan must send another copy of the completed retirement annuity application notify the member and retirement annuity beneficiary form, if applicable, to the member's spouse that the 50 percent joint and survivor annuity form, or a higher joint and survivor form if selected, shall be paid if the spouse does not acknowledge the annuity form selected by the member by responding to the second notice sent to the spouse within 30 days. The second notice must be sent by certified mail with restricted delivery.

(c) If a public pension plan administration receives notice that the provisions of this section have not been complied with, or if a member selects a benefit form without the valid consent of the member's spouse, the executive director of the public pension plan shall suspend the payment of monthly benefits and shall take all actions necessary to comply with this subdivision.

(d) For the Teachers Retirement Association, the statement to the spouse that is required under paragraph (a) must be sent before or upon the member's election of an annuity.

Subd. 4. Plan exclusions. This section does not apply to:

(1) any volunteer fire relief association to which sections 69.771 to 69.776 apply; and

(2) any plan under which the applicable surviving spouse would receive automatic surviving spouse coverage if a joint and survivor annuity were not elected.

Subd. 5. Disabilitant survivor treatment. This section should not be interpreted as prohibiting payment of a survivor annuity to the spouse of a deceased disabilitant, in lieu of any other annuity, if laws specific to the plan provide for a higher surviving spouse annuity.

Subd. 6. Limitations due to marriage dissolution. The requirement to pay a 50 percent joint and survivor annuity is void if there is a court order to the contrary.

Subd. 7. Liability waiver. The pension fund and plan, its employees, and any agent working on behalf of the plan administration are not liable for harm caused by any act of fraud committed by the retiring member or current or previous spouse, or any information withheld from, or incorrect information supplied to the plan administration.

EFFECTIVE DATE. This section is effective January 1, 2009, and applies to annuities that are elected and commence on or after that date.

ARTICLE 5

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2007 Supplement, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control Commission, or Metropolitan Radio Board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) seasonal help in the classified service employed by the Department of Revenue;

(15) persons employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3); ~~and~~

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; and

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 2. Minnesota Statutes 2007 Supplement, section 352.017, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the ~~end of date the employee returned to work following~~ the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee ~~wants~~ is eligible for allowable service credit. ~~Payments made under this paragraph~~ The payment must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) ~~If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

(1) elect a chair;

(2) appoint an executive director;

(3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;

(4) consider and dispose of, or take any other action the board of directors deems appropriate concerning denials of applications for annuities or disability benefits under this chapter, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;

~~(5) advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control; and~~

~~(6) (5) oversee the administration of the state deferred compensation plan established in section 352.96; and~~

~~(6) oversee the administration of the health care savings plan established in section 352.98.~~

~~The director and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. The salary of the executive director must be as provided by section 15A.0815. The salary of the assistant director must be set in accordance with section 43A.18, subdivision 3.~~

~~(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.~~

EFFECTIVE DATE. This section is effective the day after final enactment.

Sec. 4. Minnesota Statutes 2006, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director; assistant director.** (a) The executive director, in this chapter called the director, of the system must be appointed by the board on the basis of fitness, experience in the retirement field, and leadership ability. The director must have had at least five years' experience on the administrative staff of a major retirement system.

~~(b) The executive director and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. The salary of the executive director must be as provided by section 15A.0815. The salary of the assistant director must be set in accordance with section 43A.18, subdivision 3.~~

EFFECTIVE DATE. This section is effective the day after final enactment.

Sec. 5. Minnesota Statutes 2006, section 352.22, subdivision 10, is amended to read:

Subd. 10. **Other refunds.** Former employees covered by the system are entitled to apply for refunds if they are or become members of the State Patrol retirement fund, the state Teachers Retirement Association, or employees of the University of Minnesota excluded from coverage under the system by action of the Board of Regents; or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2b, clause (7). The refunds must include accumulated contributions plus interest as provided in subdivision 2. ~~These employees may apply for a refund once 30 days or more have elapsed after their coverage ceases, even if they continue in state service but in positions not covered by this chapter.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions; post-June 30, 2007, coverage transfers.** (a) An eligible employee who ~~was~~ is transferred to plan coverage after June 30, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is ~~(1) the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the most recent 12 month period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent, and (2) the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer. The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment under clause (1), and by the amount of the employer contribution equivalent payment under paragraph (c), clause (1).~~

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

~~(g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under subdivision 2 paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is (1) the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of employment covered by the service credit to be transferred and the employer contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be~~

~~transferred, plus annual compound interest at the rate of 8.5 percent, and (2) the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer calculated as provided in paragraph (a), clause (2).~~

~~(h) The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).~~

~~(i) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 5, is amended to read:

Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision 4, the service credit in the general state employees retirement plan of the Minnesota State Retirement System related to the period being transferred is forfeited and may not be reinstated. The transferred service credit and the transferred assets must be credited to the correctional state employees retirement plan and fund, respectively.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2006, section 352.98, subdivision 1, is amended to read:

Subdivision 1. **Plan created.** This section must be administered by the executive director of the system with the advice and consent of the board of directors. The Minnesota State Retirement System executive director shall establish a plan or plans, known as health care savings plans, through which public employers and employees an officer or employee of the state or of a political subdivision, including officers or employees covered by a plan or fund specified in chapter 353D, 354B, 354D, 424A, or section 356.20, subdivision 2, may save to cover health care costs. For purposes of this section, a volunteer firefighter is an employee. The Minnesota State Retirement System executive director shall make available one or more trusts, including a governmental trust or governmental trusts, authorized under the Internal Revenue Code to be eligible for tax-preferred or tax-free treatment through which employers and employees can save to cover health care costs.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2006, section 352.98, subdivision 2, is amended to read:

Subd. 2. **Contracting authorized.** ~~The Minnesota State Retirement System is authorized to~~ executive director shall administer the plan and to contract with public and private entities to provide investment services, record keeping, benefit payments, and other functions necessary for the administration of the plan. If allowed by the Minnesota State Board of Investment, the Minnesota State Board of Investment supplemental investment funds may be offered as investment options under the health care savings plan or plans.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2006, section 352.98, subdivision 3, is amended to read:

Subd. 3. **Contributions.** (a) Contributions to the plan must be ~~determined through~~ defined in a personnel policy or in a collective bargaining agreement of a public employer ~~with the exclusive representative of the covered employees in an appropriate unit or political subdivision.~~ The ~~Minnesota State Retirement System executive director~~ may offer different types of trusts permitted under the Internal Revenue Code to best meet the needs of different ~~employee employer~~ employee employer units.

(b) Contributions to the plan by or on behalf of the ~~employee participant~~ must be held in trust for reimbursement of ~~employee and dependent~~ eligible health-related expenses for participants and their dependents following retirement termination from public employment or during active employment. The ~~Minnesota State Retirement System executive director~~ shall maintain a separate account of the contributions made by or on behalf of each participant and the earnings thereon. The ~~Minnesota State Retirement System executive director~~ shall make available a limited range of investment options, and each ~~employee participant~~ may direct the investment of the accumulations in the ~~employee's participant's~~ participant's account among the investment options made available by the ~~Minnesota State Retirement System executive director.~~ At the request of a participating employer and employee group, the Minnesota State Retirement System may determine how the assets of the affected employer and employee group should be invested.

(c) This section does not obligate a public employer to meet and negotiate in good faith with the exclusive bargaining representative of any public employee group regarding an employer contribution to a postretirement or active employee health care savings plan authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2006, section 352.98, subdivision 4, is amended to read:

Subd. 4. **Reimbursement for health-related expenses.** The ~~Minnesota State Retirement System executive director~~ shall reimburse ~~employees participants~~ participants at least quarterly for ~~submitted~~ eligible health-related expenses, as ~~required~~ allowable by federal and state law, until the ~~employee participant~~ participant exhausts the accumulation in the ~~employee's participant's~~ participant's account. If ~~an employee a participant~~ a participant dies prior to exhausting the ~~employee's participant's~~ participant's account balance, the ~~employee's participant's~~ participant's spouse or dependents are eligible to be reimbursed for health care expenses from the account until the account balance is exhausted. If an account balance remains after the death of a participant and all of the participant's legal dependents, the remainder of the account must be paid to the ~~employee's participant's~~ participant's beneficiaries or, if none, to the ~~employee's participant's~~ participant's estate.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2006, section 352.98, subdivision 5, is amended to read:

Subd. 5. **Fees.** The ~~Minnesota state retirement plan~~ executive director is authorized to charge uniform fees to participants to cover the ongoing cost of operating the plan. Any fees not needed must revert to participant accounts or be used to reduce plan fees the following year.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Minnesota Statutes 2006, section 352D.075, subdivision 2a, is amended to read:

Subd. 2a. **Surviving spouse coverage term certain.** In lieu of the annuity under subdivision 2, clause (2) or (3), or in lieu of a distribution under subdivision 2, clause (1), the surviving spouse of a deceased participant may elect to receive survivor coverage in the form of a term certain annuity of ~~five, six ten~~, 15, or 20 years, based on the value of the remaining shares. The monthly term certain annuity must be calculated under section 352D.06, subdivision 1.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2007 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** The following public employees are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services for a governmental subdivision;

(4) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(8) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

(13) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the Carpenters Local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(21) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2006, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees;

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions be made by the employer, the contribution to the applicable supplemental retirement plan when an agreement between the parties establishes that the contribution is from ~~from~~ will either result in a mandatory withholdings from reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages; and

(3) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) the fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36; ~~and~~

(5) the amount of compensation that exceeds the limitation provided in section 356.611; and

(6) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2006, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. **Termination of public service.** (a) "Termination of public service" occurs (1) when a member resigns or is dismissed from public service by the employing governmental subdivision and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position in the same governmental subdivision; or (2) when the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

(c) A termination of public service does not occur if, prior to termination of service, the member has an agreement, verbal or written, to return to a governmental subdivision as an employee, independent contractor, or employee of an independent contractor.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 16b. **Uncredited military service credit purchase.** (a) A public employee who has at least three years of allowable service with the Public Employees Retirement Association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.551 if the public employee has not purchased service credit from any other Minnesota defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the Public Employees Retirement Association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

(d) This subdivision is repealed July 1, 2013.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 2007 Supplement, section 353.0161, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the ~~end of date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work,~~ the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, ~~or at termination of public service, whichever is earlier,~~ multiplied by the employee's ~~hourly rate of average monthly salary on the date upon which deductions were paid during the six months, or portion thereof, before the commencement of return from~~ the leave of absence and by the ~~days and number of months of the leave of absence for which the employee wants allowable service credit.~~ Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. ~~Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 353.27, is amended by adding a subdivision to read:

Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan under this chapter or chapter 353E may be taken from the salary of a person who is employed by a governmental subdivision under section 353.01, subdivision 6, and who is receiving disability benefit payments from any plan under this chapter or chapter 353E unless the person waives the right to further disability benefit payments.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 2007 Supplement, section 353.27, subdivision 14, is amended to read:

Subd. 14. **Treatment of periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551. Notwithstanding section 356.551, subdivision 2, regarding time limits on purchases, payment may be made anytime before termination of public service.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a volunteer firefighters relief association. If this paragraph applies, an individual is prohibited from purchasing service credit for any period or periods specified in paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. Minnesota Statutes 2006, section 353.33, subdivision 5, is amended to read:

Subd. 5. **Benefits paid under workers' compensation law.** (a) Disability benefits paid shall be coordinated with any amounts, other than those amounts excluded under paragraph (b), received or receivable under workers' compensation law, such as temporary total, permanent total, temporary partial, permanent partial, or economic recovery compensation benefits, in either periodic or lump sum payments from the employer under applicable workers' compensation laws, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disabilitant. If the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater, the disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2).

(b) Permanent partial disability payments provided for in section 176.101, subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11, must not be offset from disability payments due under paragraph (a) if the amounts of the permanent partial or retraining payments are reported to the executive director in a manner specified by the executive director.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. Minnesota Statutes 2006, section 353.656, subdivision 2, is amended to read:

Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, as described in subdivision 1, is injured under circumstances which entitle the member to receive benefits under the workers' compensation law, the member shall receive the same benefits as provided in subdivision 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or lump sum amounts, other than those amounts excluded under paragraph (b), paid to the member under the workers' compensation law, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disablitant if the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater. The disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2).

(b) Permanent partial disability payments provided for in section 176.101, subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11, must not be offset from disability payments due under paragraph (a) if the amounts of the permanent partial or retraining payments are reported to the executive director in a manner specified by the executive director.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 23. Minnesota Statutes 2006, section 353D.05, subdivision 2, is amended to read:

Subd. 2. **Investment options.** (a) A participant may elect to purchase shares in the income share account, the growth share account, the international share account, the money market account, the bond market account, the fixed interest account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the total contributions to be used to purchase shares in each of the accounts.

(b) A participant or a former participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant or former participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment account or accounts specified by the participant. If no initial option is indicated by a participant or the specifications made by the participant exceeds 100 percent to be invested in more than one account, the executive director shall invest all contributions made by or on behalf of a participant in the income share account. If the specifications are less than 100 percent, the executive director shall invest the remaining percentage in the income share account. ~~A choice of investment options is effective the first of the month following the date of receipt of the signed written choice of options.~~

(c) Shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) A participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts, subject to the provisions of paragraph (c) concerning the fixed interest account. ~~A change under this paragraph is effective the first of the month following the date of receipt of a signed written choice of options.~~

(e) The change or selection of an investment option or the transfer of all or a portion of the deceased or former participant's shares in the income share, growth share, common stock index, bond market, international share, money market, or fixed interest accounts must not be made following death of the participant or former participant.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 24. **[353D.071] FEDERAL COMPLIANCE.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Designated beneficiary" means the person designated as the beneficiary under section 353D.07, subdivision 5, and who is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A-4 of the Treasury regulations.

(c) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the member's required beginning date. For distributions beginning after the member's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subdivision 2, paragraph (c). The required minimum distribution for the member's first distribution calendar year shall be made on or before the member's required beginning date.

(d) "Member's account balance" means the account balance as of the last valuation date in the valuation calendar year increased by the amount of any contributions made and allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(e) "Required beginning date" means the later of April 1 of the calendar year following the calendar year that the member attains age 70 years, six months, or April 1 of the calendar year following the calendar year in which the member terminates employment.

(f) "Valuation calendar year" means the calendar year immediately preceding the distribution calendar year.

Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year and will take precedence over any inconsistent provisions of the plan. All distributions required under this section will be determined and made in accordance with the treasury regulations under section 401(a)(9) of the Internal Revenue Code, including regulations providing special rules for governmental plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a reasonable good faith interpretation of the minimum distribution requirements.

(b) The member's entire interest will be distributed to the member in a lump sum no later than the member's required beginning date.

(c) If the member dies before the required minimum distribution is made, the member's entire interest will be distributed in a lump sum no later than as follows:

(1) if the member's surviving spouse is the member's sole designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the member died, or by December 31 of the calendar year in which the member would have attained age 70 years, six months, whichever is later;

(2) if the member's surviving spouse is not the member's sole beneficiary, or if there is no designated beneficiary as of September 30 of the year following the year of the member's death, the member's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death as directed under section 353D.07, subdivision 5; or

(3) if the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member, but before the account balance is distributed to the surviving spouse, paragraph (c), clause (2), shall apply as if the surviving spouse were the member.

(d) For purposes of paragraph (c), unless clause (3) applies, distributions are considered to be made on the member's required beginning date. If paragraph (c), clause (3), applies, distributions are considered to begin on the date distributions are required to be made to the surviving spouse under paragraph (c), clause (1).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 25. Minnesota Statutes 2007 Supplement, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) the City of Cannon Falls Hospital;
- (3) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- (4) the Dassel Lakeside Community Home;
- (5) the Fair Oaks Lodge, Wadena;
- (6) the Glencoe Area Health Center;
- (7) the Hutchinson Area Health Care;
- (8) ~~the Kanabec Hospital;~~
- (9) the Lakefield Nursing Home;
- (10) ~~(9)~~ the Lakeview Nursing Home in Gaylord;
- (11) ~~(10)~~ the Luverne Public Hospital;
- (12) ~~the Northfield Hospital;~~
- (13) ~~(11)~~ the Oakland Park Nursing Home;
- (14) ~~(12)~~ the RenVilla Nursing Home;
- (15) ~~the Renville County Hospital in Olivia;~~
- (16) ~~(13)~~ the St. Peter Community Healthcare Center; and
- (17) ~~(14)~~ the Waconia-Ridgeview Medical Center.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. [353F.025] CERTIFICATION AND DECERTIFICATION OF MEDICAL FACILITIES AND OTHER PUBLIC EMPLOYING UNITS.

Subdivision 1. Eligibility determination. (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

(b) The governing body must also provide a copy of any applicable purchase or lease agreement and any other information requested by the executive director to allow the executive director to verify that under the proposed employer change, the new employer does not qualify as a governmental subdivision under section 353.01, subdivision 6, making the employees ineligible for continued coverage as active members of the general employees retirement plan of the Public Employees Retirement Association.

(c) Following receipt of a resolution and a determination by the executive director that the new employer is not a governmental subdivision, the executive director shall direct the consulting actuary retained under section 356.214 to determine whether the general employees retirement plan of the Public Employees Retirement Association is expected to receive a net gain if privatization occurs, by determining whether the actuarial liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is less than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date, as defined in section 353F.02, subdivision 3.

Subd. 2. Recommendation to legislature. (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, the executive director shall forward a recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session.

(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the executive director shall include in the proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.

Subd. 3. Date of application. For any privatization added to this chapter after the effective date of this section, the first date of coverage is the effective date as defined in section 353F.02, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2007 Supplement, section 354.096, subdivision 2, is amended to read:

Subd. 2. Payment. ~~(*)~~ Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced under section 354.72.

~~(b) If payment is made after the leave terminates, section 354.72 applies.~~

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 28. Minnesota Statutes 2006, section 354.33, subdivision 5, is amended to read:

Subd. 5. **Retirees not eligible for federal benefits.** ~~Notwithstanding the provisions of section 354.55, subdivision 3,~~ When any person retires after July 1, 1973, who (1) has ten or more years of allowable service, and (2) does not have any retroactive Social Security coverage by reason of the person's position in the retirement system, and (3) does not qualify for federal old age and survivor primary benefits at the time of retirement, the annuity must be computed under section 354.44, subdivision 2, of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, must be calculated using the same mortality table and interest assumption as are used to transfer the required reserves to the Minnesota postretirement investment fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2007 Supplement, section 354.72, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b) ~~or~~ (c), or (d), whichever applies. The employing unit, at its option, may pay the employer portion of the amount ~~specified in paragraph (b)~~ on behalf of its employees.

(b) If payment is received by the executive director ~~within one year from the end by June 30 of the fiscal year of the strike period or authorized leave~~ included under section 354.093, 354.095, or 354.096, or payment must equal the total employee and employer contribution rates, including amortization contribution rates if applicable, multiplied by the member's average monthly salary rate on the date the leave or strike period commenced, or for an extended leave under section 354.094, on the salary received during the year immediately preceding the initial year of the leave, multiplied by the months and portions of a month of the leave or strike period for which the teacher seeks allowable service credit.

~~(c) If payment is made after June 30 and before the following June 30 for a strike period or for leaves of absence under section 354.093, 354.095, or 354.096, or for an extended leave of absence under section 354.094, the payment must equal the total employee and employer contributions, including amortization contributions if applicable, given the contribution rates in section 354.42, multiplied by the member's average monthly salary rate on the commencement of the leave or period of strike, multiplied by the months and portions of a month of the leave of absence or period of strike for which the teacher seeks allowable service credit. Payments made under this paragraph must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from the last day of the leave period or strike period, or from June 30 for an extended leave of absence under section 354.094, until the last day of the month in which payment is received.~~

~~(e)~~ (d) If payment is received by the executive director after the applicable last permitted date under paragraph ~~(b)~~ (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 30. Minnesota Statutes 2006, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) ~~Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring~~ Beginning one year after the ~~termination of the reemployment withholding period ends relating to the reemployment~~ that gave rise to the limitation, ~~whichever is later,~~ and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d.

~~(c) The prior service credit purchase amount may not be less than the amount determined by applying the current employee or member contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, to the person's current annual salary and multiplying that result by the number of whole and fraction years of service to be purchased.~~

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary

during that period, or fractional portion of a year's salary, if applicable, plus interest at the annual rate of 8.5 percent compounded annually from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 32. Minnesota Statutes 2006, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as amended, for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members specified in paragraph (a) who first contributed to a ~~covered~~ plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in Internal Revenue Code 401(a)(17) on June 30, 1993, applies if that provides a greater allowable annual compensation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 33. Minnesota Statutes 2006, section 356.611, is amended by adding a subdivision to read:

Subd. 3a. **Maximum annual addition limitation.** The annual additions on behalf of a member to the plan established under chapter 352D or 353D for any limitation year beginning after December 31, 2001, shall not exceed the lesser of one hundred percent of the member's compensation, as defined for purposes of section 415(c) of the Internal Revenue Code; or \$40,000, as adjusted by the United States secretary of the treasury under section 415(d) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. Laws 2002, chapter 392, article 2, section 4, is amended to read:

Sec. 4. **EFFECTIVE DATE.**

(a) Sections 1, 2, and 3 are effective retroactive to July 1, 2001.

(b) The authority to obtain credit for allowable service under section 1, clause (11); and section 2, paragraph (a), clause (8); and section 3, clause (9), expires 12 months after the date of enactment.

EFFECTIVE DATE. This section is effective retroactively without interruption from July 1, 2002.

Sec. 35. Laws 2006, chapter 271, article 5, section 5, is amended to read:

Sec. 5. **EFFECTIVE DATE.**

(a) Sections 1, 3, and 4 are effective the day following final enactment and section 3 has effect retroactively from July 25, 2005.

(b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the latter of:

(1) the day after the governing body of the Cannon Falls Hospital District and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month following certification to the Cannon Falls Hospital District by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized City of Cannon Falls Hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(c) Section 2, with respect to Clearwater County Memorial Hospital, is effective upon the latter of:

(1) the day after the governing body of Clearwater County and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3, except that the certificate of approval must be filed before January 1, 2009; and

(2) the first day of the month following certification to Clearwater County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Clearwater Health Services employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(d) Section 2 with respect to the Dassel Lakeside Community Home is effective upon the latter of:

(1) the day after the governing body of the city of Dassel and its chief clerical officer timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Dassel City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Dassel Lakeside Community Home employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel or by the entity which is the employer following the privatization.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 36. **REPEALER.**

(a) Minnesota Statutes 2006, sections 354.44, subdivision 6a; 354.465; 354.51, subdivision 4; and 354.55, subdivisions 2, 3, 6, 12, and 15, are repealed effective July 1, 2008.

(b) Minnesota Statutes 2006, sections 354A.091, subdivisions 1a and 1b; and 355.629, are repealed effective July 1, 2008.

(c) Laws 2005, First Special Session chapter 8, article 1, section 23, is repealed retroactively from July 26, 2005.

ARTICLE 6

MSRS-CORRECTIONAL PLAN COVERAGE EXPANSION

Section 1. Minnesota Statutes 2007 Supplement, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are ~~as follows~~:

(1) baker;

(2) central services administrative specialist, intermediate;

(3) central services administrative specialist, principal;

(4) chaplain;

(5) chief cook;

(6) cook;

(7) cook coordinator;

(8) corrections program therapist 1;

(9) corrections program therapist 2;

(10) corrections program therapist 3;

(11) corrections program therapist 4;

(12) corrections inmate program coordinator;

(13) corrections transitions program coordinator;

(14) corrections security caseworker;

- (15) corrections security caseworker career;
- (16) corrections teaching assistant;
- (17) delivery van driver;
- (18) dentist;
- (19) electrician supervisor;
- (20) general maintenance worker lead;
- (21) general repair worker;
- (22) library/information research services specialist;
- (23) library/information research services specialist senior;
- (24) library technician;
- (25) painter lead;
- (26) plant maintenance engineer lead;
- (27) plumber supervisor;
- (28) psychologist 1;
- (29) psychologist 3;
- (30) recreation therapist;
- (31) recreation therapist coordinator;
- (32) recreation program assistant;
- (33) recreation therapist senior;
- (34) sports medicine specialist;
- (35) work therapy assistant;
- (36) work therapy program coordinator; and
- (37) work therapy technician.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. **COVERAGE TRANSFER DATES.**

(a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3d, paragraph (b), clause (20), also covers employment in that position after December 11, 2007, for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

(b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3d, paragraph (b), clause (25), is prospective only.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 7

MSRS-UNCLASSIFIED RETIREMENT PROGRAM CHANGES

Section 1. Minnesota Statutes 2007 Supplement, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) ~~Except as specified in paragraph (b),~~ employees enumerated in paragraph (c), ~~clauses (2), (3), (4), (6) to (14), and (16) to (18),~~ if they are an elected official or in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.

~~(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan.—~~Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22, and are not eligible for the choice of coverage specified in paragraph (a).

(c) Enumerated employees ~~and referenced persons~~ are:

- (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;
- (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;
- (3) an employee of the State Board of Investment;
- (4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;
- (5) a member of the legislature;
- (6) a full-time unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;

(9) the executive director, associate executive director, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota, the state court administrator and judicial district administrators;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3;

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Minnesota Technology Incorporated;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

EFFECTIVE DATE. This section is effective January 6, 2009.

Sec. 2. Minnesota Statutes 2007 Supplement, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general plan.** (a) An employee, other than a judge as specified in subdivision 1, paragraph (c), clause (15), credited with ~~employee~~ shares in the unclassified program, after acquiring credit for ten years of allowable service and not later than one month following the termination of covered employment, may elect to terminate participation in the unclassified program and be covered by the general plan by filing a written election with the executive director. The executive director shall then redeem the employee's total shares and shall credit to the employee's account in the general plan the amount of contributions that would have been so credited had the employee been covered by the general plan during the employee's entire covered employment or elective state

service. The balance of money so redeemed and not credited to the employee's account shall be transferred to the general plan retirement fund, except that (1) the employee contribution paid to the unclassified program must be compared to (2) the employee contributions that would have been paid to the general plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general plan coverage or before the effective date of the annuity, whichever is sooner.

(b) An election under paragraph (a) to transfer coverage to the general plan is irrevocable during any period of covered employment.

EFFECTIVE DATE. This section is effective January 6, 2009.

ARTICLE 8

PERA BENEFITS FOLLOWING PRIVATIZATIONS

Section 1. Minnesota Statutes 2007 Supplement, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) the City of Cannon Falls Hospital;
- (3) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- (4) the Dassel Lakeside Community Home;
- (5) the Fair Oaks Lodge, Wadena;
- (6) the Glencoe Area Health Center;
- (7) the Hutchinson Area Health Care;
- (8) the Kanabec Hospital;
- (9) the Lakefield Nursing Home;
- (10) the Lakeview Nursing Home in Gaylord;
- (11) the Luverne Public Hospital;
- (12) the Northfield Hospital;
- (13) the Oakland Park Nursing Home;
- (14) the RenVilla Nursing Home;
- (15) the Renville County Hospital in Olivia;

(16) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;

(17) the St. Peter Community Healthcare Center; and

~~(17)~~ (18) the Waconia-Ridgeview Medical Center; and

(19) the Worthington Regional Hospital.

Sec. 2. **EFFECTIVE DATE.**

(a) Minnesota Statutes, section 353F.02, subdivision 4, clause (16), is effective the day after the governing body of the city of Willmar and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Minnesota Statutes, section 353F.02, subdivision 4, clause (19), is effective the day after the governing body of the city of Worthington and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 9

RETIREMENT RELATED STATE AID PROGRAMS

Section 1. Minnesota Statutes 2006, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Special direct state aid to first class city teachers retirement fund associations.** (a) In fiscal year 1998, The state shall pay \$4,827,000 to the St. Paul Teachers Retirement Fund Association, \$17,954,000 to the Minneapolis Teachers Retirement Fund Association, and \$486,000 \$346,000 to the Duluth Teachers Retirement Fund Association. In each fiscal year after fiscal year 2006, these payments to the first class city teachers retirement fund associations must be, \$2,827,000 for to the St. Paul, \$12,954,000 to the Teachers Retirement Fund Association and, for the former Minneapolis Teachers Retirement Fund Association, and \$486,000 for Duluth \$12,954,000 to the Teachers Retirement Association.

(b) The direct state aids under this subdivision are payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated annually from the general fund to the commissioner of finance.

EFFECTIVE DATE. (a) This section is effective July 1, 2009.

(b) The aid paid to the Teachers Retirement Association under Minnesota Statutes 2006, section 354A.12, subdivision 3a, in fiscal year 2007 is ratified. \$346,000 that was payable under Minnesota Statutes 2006, section 354A.12, subdivision 3a, in fiscal year 2008, but remains unpaid as of the date of enactment, is payable to the Teachers Retirement Association.

Sec. 2. Minnesota Statutes 2007 Supplement, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, must ~~continue to~~ be paid to the Teachers Retirement Association and must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained

under section 356.214, or 2037, whichever occurs earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state ~~aid~~ aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association terminate at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained under section 356.214, equals or exceeds the accrued liability funding ratio for the Teachers Retirement Association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained under section 356.214.

~~(b) If the state direct matching, state supplemental, or state aid is terminated for a first class city teachers retirement fund association under paragraph (a), it may not again be received by that fund.~~

~~(c) If the St. Paul Teachers Retirement Fund Association is funded at an amount equal to or greater than the funding ratio applicable to the Teachers Retirement Association when the provisions of paragraph (b) become effective, then any future state aid previously distributed to that association must be immediately transferred under subdivision 3a is payable to the Teachers Retirement Association.~~

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to direct state aid paid or payable during fiscal years 2007 and 2008.

Sec. 3. Minnesota Statutes 2006, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighters relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) the municipalities that are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 64.5 percent to the municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Fire Department Relief Association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia Fire Department Relief Association.

If there is no unfunded actuarial accrued liability in both the Minneapolis Police Relief Association and the Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. Upon the final payment to municipalities required by section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs associated with the police and firefighters pensions, and 40 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 4. **REPEALER.**

(a) Minnesota Statutes 2006, section 354A.12, subdivision 3a, is repealed effective the first day of the fiscal year next following the fiscal year in which neither the Teachers Retirement Association nor the St. Paul Teachers Retirement Fund Association has an unfunded actuarial accrued liability as determined in the actuarial valuation prepared under Minnesota Statutes, section 356.215, by the actuary retained under Minnesota Statutes, section 356.214.

(b) Minnesota Statutes 2007 Supplement, section 354A.12, subdivisions 3b and 3c, are repealed effective the first day of the fiscal year next following the fiscal year in which neither the Teachers Retirement Association nor the St. Paul Teachers Retirement Fund Association has an unfunded actuarial accrued liability as determined in the actuarial valuation prepared under Minnesota Statutes, section 356.215, by the actuary retained under Minnesota Statutes, section 356.214.

ARTICLE 10

MNSCU-IRAP AND RELATED CHANGES

Section 1. Minnesota Statutes 2006, section 354B.20, is amended by adding a subdivision to read:

Subd. 19. **Unclaimed plan account amounts.** "Unclaimed plan account amounts" means the accounts of any plan participant who has terminated employment by the Minnesota State Colleges and Universities System or who has died, or of the surviving spouse, beneficiary, or estate of the participant if the plan administrator is unable to locate the applicable recipient in accordance with Internal Revenue Service due diligence requirements.

Sec. 2. Minnesota Statutes 2006, section 354B.25, subdivision 5, is amended to read:

Subd. 5. **Individual retirement account plan administrative expenses.** (a) The reasonable and necessary administrative expenses of the individual retirement account plan may be charged to plan participants by the plan sponsor in the form of an annual fee, an asset-based fee, a percentage of the contributions to the plan, or a combination thereof. This amount shall be offset by interest earned on both the plan reserves and unclaimed funds account.

(b) Any administrative expense charge that is not actually needed for the administrative expenses of the individual retirement account plan must be refunded to member accounts.

(c) The Board of Trustees shall report annually, before October 1, to the advisory committee created in subdivision 1a on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the Board of Trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

Sec. 3. Minnesota Statutes 2006, section 354B.25, is amended by adding a subdivision to read:

Subd. 6. **Disposition of abandoned public pension amounts.** (a) Any unclaimed plan account amounts are presumed to be abandoned, but are not subject to the provisions of sections 345.31 to 345.60. If the account remains unclaimed after five years following the date that the plan administrator first attempts to locate the former member, surviving spouse, or other beneficiary, the unclaimed plan account amount cancels and must be credited to the reserve account specified in paragraph (b).

(b) The board must establish a separate account to receive unclaimed plan account amounts. A portion of this reserve account and any investment earnings attributable to this reserve account are to be used to offset the reasonable and necessary expenses of the individual retirement account plan, including costs incurred in efforts to locate lost participants, surviving spouses, or other beneficiaries.

(c) If the unclaimed plan account amount exceeded \$25 and the inactive member, surviving spouse, or beneficiary, whichever is applicable, establishes a valid claim to the forfeited account, the forfeited account is to be reestablished in an amount equal to the amount originally forfeited. The board must ensure that the reserve account has sufficient assets to cover any transfers needed to reestablish accounts.

Sec. 4. Minnesota Statutes 2007 Supplement, section 354C.12, subdivision 4, is amended to read:

Subd. 4. **Administrative expenses.** (a) The Board of Trustees of the Minnesota State Colleges and Universities is authorized to pay the necessary and reasonable administrative expenses of the supplemental retirement plan and may bill participants to recover these expenses. The administrative fees or charges may be charged to participants as an annual fee, an asset-based fee, a percentage of contributions to the plan, or a contribution thereof. This amount shall be offset by interest earned on both the plan reserves and unclaimed funds account.

(b) Any recovered or assessed amounts that are not needed for the necessary and reasonable administrative expenses of the plan must be refunded to member accounts.

(c) The Board of Trustees shall report annually, before October 1, to the legislature on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the Board of Trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

Sec. 5. **[354C.155] UNCLAIMED PLAN ACCOUNT AMOUNTS.**

Section 354B.25, subdivision 6, applies to the supplemental retirement plan.

Sec. 6. Minnesota Statutes 2006, section 354C.165, is amended to read:

354C.165 PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.

(a) ~~Except as provided in paragraph (e),~~ No participant may obtain a loan ~~or any distribution~~ from the plan before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

(c) MS 2002 [Expired]

(d) Except for a participant in a phased retirement program that is part of an approved collective bargaining agreement, no participant may obtain a distribution from the plan at a time before the participant terminates the employment that gave rise to the plan coverage.

Sec. 7. **ACTUARIAL IMPACT STUDY; MNSCU-TENURED FACULTY RETIREMENT PLAN COVERAGE CHANGE.**

(a) The Teachers Retirement Association shall have the actuary retained under Minnesota Statutes, section 356.214, conduct a study of the likely actuarial impact on the Teachers Retirement Association of potentially permitting current tenure-track faculty members employed by the Minnesota State Colleges and Universities System who have not yet attained tenure or its equivalent to elect retroactive and prospective retirement coverage by the Teachers Retirement Association within one year of attaining tenure or its equivalent, with the retroactive coverage effected by a service credit purchase under Minnesota Statutes, section 356.551.

(b) The actuarial study must include an assessment of the likelihood that tenure-track Minnesota State Colleges and Universities System faculty members would elect retirement coverage by the Teachers Retirement Association that underlies any election assumption used in the study based on the experience of Minnesota State Colleges and Universities System faculty members employed during the most recent ten years. The Minnesota State Colleges and Universities System shall provide the Teachers Retirement Association with the data on its faculty members necessary to conduct the study.

(c) The actuarial study must assess the actuarial accrued liability that could be assumed by the Teachers Retirement Association from potential service credit purchases by Minnesota State Colleges and Universities System faculty members attaining tenure or its equivalent, the likely purchase payments related to those potential Minnesota State Colleges and Universities System faculty member service credit purchases, and the effect on the Teachers Retirement Association normal cost rate of the potential prospective inclusion of Minnesota State Colleges and Universities System faculty members upon attaining tenure.

(d) The report required under this section must be filed with the executive director of the Legislative Commission on Pensions and Retirement on or before January 15, 2009.

EFFECTIVE DATE. This section is effective July 1, 2008.

ARTICLE 11

FINANCIAL AND ACTUARIAL REPORTING

Section 1. Minnesota Statutes 2006, section 16A.055, subdivision 5, is amended to read:

Subd. 5. **Retirement fund reporting.** ~~(a)~~ The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

~~(b) The commissioner may contract with the consulting actuary retained under section 356.214 for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or plans the cost of the quadrennial projection valuation.~~

Sec. 2. Minnesota Statutes 2006, section 356.20, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The governing or managing board or the chief administrative official ~~officer of the each~~ public pension and retirement fund plan enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year.

(b) This requirement also applies to any plan or fund which may be a successor to any organization so enumerated or to any newly formed retirement plan, fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations.

(c) The report must be prepared under the supervision and at the direction of the management of each fund plan and must be signed by the presiding officer of the managing board of the fund plan and the chief administrative official of the fund plan.

Sec. 3. Minnesota Statutes 2006, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;

- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the Duluth Teachers Retirement Fund Association;
- (7) the Minneapolis Employees Retirement Fund;
- (8) the University of Minnesota faculty retirement plan;
- (9) the University of Minnesota faculty supplemental retirement plan;
- (10) the judges retirement fund;
- (11) a police or firefighter's relief association specified or described in section 69.77, subdivision 1a, ~~or~~;
- (12) a volunteer firefighter relief association governed by section 69.771, subdivision 1;
- ~~(12)~~ (13) the public employees police and fire plan of the Public Employees Retirement Association;
- ~~(13)~~ (14) the correctional state employees retirement plan of the Minnesota State Retirement System; and
- ~~(14)~~ (15) the local government correctional service retirement plan of the Public Employees Retirement Association.

Sec. 4. Minnesota Statutes 2006, section 356.20, subdivision 3, is amended to read:

Subd. 3. **Filing requirement.** The financial report is a public record. A copy of the report or a synopsis of the report containing the information required by this section must be ~~distributed~~ made available annually to each member of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of the report must be delivered to the executive director of the Legislative Commission on Pensions and Retirement and to the Legislative Reference Library not later than six months after the close of each fiscal year or one month following the completion and delivery to the retirement fund of the actuarial valuation report of the fund by the actuary retained under section 356.214, if applicable, whichever is later.

Sec. 5. Minnesota Statutes 2006, section 356.20, subdivision 4, is amended to read:

Subd. 4. **Contents of financial report.** (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited.

(b) The report must include, as part of its exhibits or its footnotes, an actuarial disclosure item based on the actuarial valuation calculations prepared by the actuary retained under section 356.214 or by the actuary retained by the retirement fund or plan, whichever applies, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. The ~~accrued~~ actuarial value of assets, the actuarial accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item must contain a declaration by the actuary retained under section 356.214 or the actuary retained by the fund or plan,

whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and in accordance with the most recent applicable standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

~~(b) Assets of the fund or plan contained in the disclosure item must include the following statement of the actuarial value of current assets as defined in section 356.215, subdivision 1:~~

	Value at cost	Value at market
Cash, cash equivalents, and short term securities
Accounts receivable
Accrued investment income
Fixed income investments
Equity investments other than real estate
Real estate investments
Equipment
Participation in the Minnesota postretirement investment fund or the retirement benefit fund
Other
Total assets		
Value at cost	
Value at market	
Actuarial value of current assets	

~~(c) The unfunded actuarial accrued liability of the fund or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the actuarial value of current assets:~~

~~(1) the unfunded actuarial accrued liability, determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and~~

~~(2) the unfunded pension benefit obligation, determined by subtracting the current assets from the actuarial present value of credited projected benefits.~~

~~If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess must be disclosed and indicated as a surplus.~~

~~(d) The pension benefit obligations schedule included in the disclosure must contain the following information on the benefit obligations:~~

~~(1) the pension benefit obligation, determined as the actuarial present value of credited projected benefits on account of service rendered to date, separately identified as follows:~~

- ~~(i) for annuitants,
retirement annuities,
disability benefits,
surviving spouse and child benefits;~~
- ~~(ii) for former members without vested rights;~~
- ~~(iii) for deferred annuitants' benefits, including any augmentation;~~
- ~~(iv) for active employees,
accumulated employee contributions, including allocated investment income;~~

~~employer-financed benefits vested,
employer-financed benefits nonvested,
total pension benefit obligation; and~~

~~(2) if there are additional benefits not appropriately covered by the foregoing items of benefit obligations, a separate identification of the obligation.~~

~~(c)~~ (c) The report must contain an itemized exhibit describing the administrative expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) personnel expenses;
- (2) communication-related expenses;
- (3) office building and maintenance expenses;
- (4) professional services fees; and
- (5) other expenses.

~~(d)~~ (d) The report must contain an itemized exhibit describing the investment expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) internal investment-related expenses; and
- (2) external investment-related expenses.

~~(e)~~ (e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the ~~fund~~ plan to portray a true interpretation of the ~~fund's~~ plan's financial condition must be included in the additional statements or exhibits.

Sec. 6. Minnesota Statutes 2006, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. **Financial report for police or firefighters relief association.** For any police or firefighter's relief association referred to in subdivision 2, clause (11) or (12), a financial report that is duly filed and ~~meeting that meets~~ the requirements of section 69.051 ~~must be~~ is deemed to have met the requirements of subdivision 4.

Sec. 7. Minnesota Statutes 2006, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Joint Actuary retention.** (a) ~~The chief administrative officers of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, and the St. Paul Teachers Retirement Fund Association, jointly, on behalf of the state, its employees, its taxpayers, and its various public pension plans, governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services for the retirement plans named in paragraph (b). The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c). Prior to becoming effective, the contract under this section is subject to a review and approval by the Legislative Commission on Pensions and Retirement.~~

(b) ~~The contract for~~ Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement Fund;
- (7) the public employees retirement plan, Public Employees Retirement Association;
- (8) the public employees police and fire plan, Public Employees Retirement Association;
- (9) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;
- (10) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- (11) the legislators retirement plan, Minnesota State Retirement System;
- (12) the elective state officers retirement plan, Minnesota State Retirement System; and
- (13) local government correctional service retirement plan, Public Employees Retirement Association.

(c) ~~The contract~~ contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The ~~contract~~ contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

~~The contract must include provisions for the preparation of cost analyses by the jointly retained actuary for proposed legislation that include changes in benefit provisions or funding policies prior to their consideration by the Legislative Commission on Pensions and Retirement.~~

(d) ~~The actuary retained by the joint retirement systems shall annually prepare a report to the governing or managing board or administrative official and the legislature, including a commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the actuarial valuation calculations. The actuary shall include with the report the actuary's any recommendations to the legislature concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations to the legislature on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.~~

(e) ~~If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, as directed by the joint retirement systems or as requested by the chair of the Legislative Commission on Pensions and Retirement, the governing or managing board or administrative official shall direct the actuary shall to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), or (13), in the manner provided for in the standards for actuarial work adopted by the commission.~~

(f) ~~The term of the contract between the joint retirement systems and the actuary retained may not exceed five years. The joint retirement system administrative officers shall establish procedures for the consideration and selection of contract bidders and the requirements for the contents of an actuarial services contract under this section. The procedures and requirements must be submitted to the Legislative Commission on Pensions and Retirement for review and comment prior to final approval by the joint administrators. The contract is subject to the procurement procedures under chapter 16C. The consideration of bids and the selection of a consulting actuarial firm by the chief administrative officers must occur at a meeting that is open to the public and reasonable timely public notice of the date and the time of the meeting and its subject matter must be given.~~

(g) ~~The actuarial services contract may not limit the ability of the Minnesota legislature and its standing committees and commissions to rely on the actuarial results of the work prepared under the contract.~~

(h) ~~The joint retirement systems shall designate one of the retirement system executive directors as the actuarial services contract manager.~~

Sec. 8. Minnesota Statutes 2006, section 356.214, subdivision 3, is amended to read:

Subd. 3. **Reporting to commission.** ~~A copy of the actuarial valuations, and experience studies, and actuarial cost analyses prepared by the actuary retained by the joint retirement systems under the a contract provided for in this section must be filed with the executive director of the Legislative Commission on Pensions and Retirement at the same time that the document is transmitted to the actuarial services contract manager or to any other document recipient.~~

Sec. 9. Minnesota Statutes 2006, section 356.214, is amended by adding a subdivision to read:

Subd. 4. **Commission to contract with auditing actuary.** (a) The Legislative Commission on Pensions and Retirement may contract with an established actuarial consulting firm to audit or review the actuarial valuations, experience studies, and actuarial cost analyses prepared by the actuary retained by the governing or managing boards, or administrative officials of each of the plans or funds listed in subdivision 1, paragraph (b). The principal representative from the actuarial consulting firm so engaged must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Any actuarial consulting firm retained under paragraph (a) will, according to a schedule determined under an agreement with the Legislative Commission on Pensions and Retirement, audit the valuation reports submitted by the actuary retained by each governing or managing board or administrative official, and provide an assessment of the reasonableness, reliability, and areas of concern or potential improvement in the specific reports reviewed, the procedures utilized by any particular reporting actuary, or general modifications to standards, procedures, or assumptions that the commission may wish to consider. Actuarial firms retained by the retirement funds must cooperate fully and make available any data or other materials necessary for the commission-retained actuary to conduct an adequate review and to render advice to the commission.

Sec. 10. Minnesota Statutes 2006, section 356.215, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs has the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by ~~the~~ an actuary retained under section 356.214 if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who ~~has at least 15 years of service to major public employee pension or retirement funds or who~~ is a fellow in the Society of Actuaries.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 69.773, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) ~~Current~~ "Actuarial value of assets" means:

~~(1) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:~~

~~(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;~~

~~(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and~~

~~(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;~~

~~(2) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:~~

~~(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and~~

~~(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or~~

~~(3) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:~~

~~(i) (1) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;~~

~~(ii) (2) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;~~

~~(iii) (3) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and~~

~~(iv) (4) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.~~

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of ~~current~~ the actuarial value of assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 11. Minnesota Statutes 2006, section 356.215, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

~~(4) the actuary retained under section 356.214 shall prepare annual actuarial valuations of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), clauses (1), (2), and (7); and~~

~~(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 6, subdivision 1, paragraph (b), for which the commissioner determines that the analysis may be beneficial.~~

(b) The governing or managing board or administrative officials of each public pension and retirement ~~fund or~~ plan enumerated in section 356.20, subdivision 2, clauses (9), ~~(10)~~ (11), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any ~~fund or~~ plan that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund, plan, or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire ~~fund~~ relief association to which section 356.216 applies.

Sec. 12. Minnesota Statutes 2006, section 356.215, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the completed valuation must be delivered to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of finance, and to the Legislative Reference Library, ~~not later than the first day of the sixth month occurring after the end of the previous fiscal year.~~

(c) Two copies of a quadrennial experience study must be filed with the executive director of the Legislative Commission on Pensions and Retirement, with the commissioner of finance, and with the Legislative Reference Library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the Legislative Commission on Pensions and Retirement, two copies of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Sec. 13. Minnesota Statutes 2006, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0 4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption G <u>H</u>
State Patrol retirement plan	assumption G
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption G
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
St. Paul teachers retirement plan	assumption F

The select calculation is: during the ~~ten-year~~ designated select period, a designated ~~percent~~ percentage rate is multiplied by the result of ~~ten~~ the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan and the general public employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated ~~percent~~ percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; ~~and 0.3~~ (2) 0.6 percent for the general state employees retirement plan; ~~and~~ the general public employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G
16	6.95%	6.95%	11.50%	8.20%	8.00%	6.90%	7.7500%
17	6.90	6.90	11.50	8.15	8.00	6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	6.90	7.7500
20	6.75	6.40	11.50	6.00	6.90	6.90	7.7500
21	6.75	6.40	11.50	6.00	6.90	6.90	7.1454
22	6.75	6.40	11.00	6.00	6.90	6.90	7.0725
23	6.75	6.40	10.50	6.00	6.85	6.85	7.0544
24	6.75	6.40	10.00	6.00	6.80	6.80	7.0363

25	6.75	6.40	9.50	6.00	6.75	6.75	7.0000
26	6.75	6.36	9.20	6.00	6.70	6.70	7.0000
27	6.75	6.32	8.90	6.00	6.65	6.65	7.0000
28	6.75	6.28	8.60	6.00	6.60	6.60	7.0000
29	6.75	6.24	8.30	6.00	6.55	6.55	7.0000
30	6.75	6.20	8.00	6.00	6.50	6.50	7.0000
31	6.75	6.16	7.80	6.00	6.45	6.45	7.0000
32	6.75	6.12	7.60	6.00	6.40	6.40	7.0000
33	6.75	6.08	7.40	6.00	6.35	6.35	7.0000
34	6.75	6.04	7.20	6.00	6.30	6.30	7.0000
35	6.75	6.00	7.00	6.00	6.25	6.25	7.0000
36	6.75	5.96	6.80	6.00	6.20	6.20	6.9019
37	6.75	5.92	6.60	6.00	6.15	6.15	6.8074
38	6.75	5.88	6.40	5.90	6.10	6.10	6.7125
39	6.75	5.84	6.20	5.80	6.05	6.05	6.6054
40	6.75	5.80	6.00	5.70	6.00	6.00	6.5000
41	6.75	5.76	5.90	5.60	5.90	5.95	6.3540
42	6.75	5.72	5.80	5.50	5.80	5.90	6.2087
43	6.65	5.68	5.70	5.40	5.70	5.85	6.0622
44	6.55	5.64	5.60	5.30	5.60	5.80	5.9048
45	6.45	5.60	5.50	5.20	5.50	5.75	5.7500
46	6.35	5.56	5.45	5.10	5.40	5.70	5.6940
47	6.25	5.52	5.40	5.00	5.30	5.65	5.6375
48	6.15	5.48	5.35	5.00	5.20	5.60	5.5822
49	6.05	5.44	5.30	5.00	5.10	5.55	5.5404
50	5.95	5.40	5.25	5.00	5.00	5.50	5.5000
51	5.85	5.36	5.25	5.00	5.00	5.45	5.4384
52	5.75	5.32	5.25	5.00	5.00	5.40	5.3776
53	5.65	5.28	5.25	5.00	5.00	5.35	5.3167
54	5.55	5.24	5.25	5.00	5.00	5.30	5.2826
55	5.45	5.20	5.25	5.00	5.00	5.25	5.2500
56	5.35	5.16	5.25	5.00	5.00	5.20	5.2500
57	5.25	5.12	5.25	5.00	5.00	5.15	5.2500
58	5.25	5.08	5.25	5.10	5.00	5.10	5.2500
59	5.25	5.04	5.25	5.20	5.00	5.05	5.2500
60	5.25	5.00	5.25	5.30	5.00	5.00	5.2500
61	5.25	5.00	5.25	5.40	5.00	5.00	5.2500
62	5.25	5.00	5.25	5.50	5.00	5.00	5.2500
63	5.25	5.00	5.25	5.60	5.00	5.00	5.2500
64	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
65	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
66	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
67	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
68	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
69	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
70	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
71	5.25	5.00		5.70			

<u>age</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
16	<u>5.95%</u>	<u>5.95%</u>	<u>11.00%</u>	<u>7.70%</u>	<u>8.00%</u>	<u>6.90%</u>	<u>7.7500%</u>	<u>7.2500%</u>
17	<u>5.90</u>	<u>5.90</u>	<u>11.00</u>	<u>7.65</u>	<u>8.00</u>	<u>6.90</u>	<u>7.7500</u>	<u>7.2500</u>
18	<u>5.85</u>	<u>5.85</u>	<u>11.00</u>	<u>7.60</u>	<u>8.00</u>	<u>6.90</u>	<u>7.7500</u>	<u>7.2500</u>
19	<u>5.80</u>	<u>5.80</u>	<u>11.00</u>	<u>7.55</u>	<u>8.00</u>	<u>6.90</u>	<u>7.7500</u>	<u>7.2500</u>
20	<u>5.75</u>	<u>5.40</u>	<u>11.00</u>	<u>5.50</u>	<u>6.90</u>	<u>6.90</u>	<u>7.7500</u>	<u>7.2500</u>
21	<u>5.75</u>	<u>5.40</u>	<u>11.00</u>	<u>5.50</u>	<u>6.90</u>	<u>6.90</u>	<u>7.1454</u>	<u>6.6454</u>
22	<u>5.75</u>	<u>5.40</u>	<u>10.50</u>	<u>5.50</u>	<u>6.90</u>	<u>6.90</u>	<u>7.0725</u>	<u>6.5725</u>
23	<u>5.75</u>	<u>5.40</u>	<u>10.00</u>	<u>5.50</u>	<u>6.85</u>	<u>6.85</u>	<u>7.0544</u>	<u>6.5544</u>
24	<u>5.75</u>	<u>5.40</u>	<u>9.50</u>	<u>5.50</u>	<u>6.80</u>	<u>6.80</u>	<u>7.0363</u>	<u>6.5363</u>
25	<u>5.75</u>	<u>5.40</u>	<u>9.00</u>	<u>5.50</u>	<u>6.75</u>	<u>6.75</u>	<u>7.0000</u>	<u>6.5000</u>
26	<u>5.75</u>	<u>5.36</u>	<u>8.70</u>	<u>5.50</u>	<u>6.70</u>	<u>6.70</u>	<u>7.0000</u>	<u>6.5000</u>
27	<u>5.75</u>	<u>5.32</u>	<u>8.40</u>	<u>5.50</u>	<u>6.65</u>	<u>6.65</u>	<u>7.0000</u>	<u>6.5000</u>
28	<u>5.75</u>	<u>5.28</u>	<u>8.10</u>	<u>5.50</u>	<u>6.60</u>	<u>6.60</u>	<u>7.0000</u>	<u>6.5000</u>
29	<u>5.75</u>	<u>5.24</u>	<u>7.80</u>	<u>5.50</u>	<u>6.55</u>	<u>6.55</u>	<u>7.0000</u>	<u>6.5000</u>
30	<u>5.75</u>	<u>5.20</u>	<u>7.50</u>	<u>5.50</u>	<u>6.50</u>	<u>6.50</u>	<u>7.0000</u>	<u>6.5000</u>
31	<u>5.75</u>	<u>5.16</u>	<u>7.30</u>	<u>5.50</u>	<u>6.45</u>	<u>6.45</u>	<u>7.0000</u>	<u>6.5000</u>
32	<u>5.75</u>	<u>5.12</u>	<u>7.10</u>	<u>5.50</u>	<u>6.40</u>	<u>6.40</u>	<u>7.0000</u>	<u>6.5000</u>
33	<u>5.75</u>	<u>5.08</u>	<u>6.90</u>	<u>5.50</u>	<u>6.35</u>	<u>6.35</u>	<u>7.0000</u>	<u>6.5000</u>
34	<u>5.75</u>	<u>5.04</u>	<u>6.70</u>	<u>5.50</u>	<u>6.30</u>	<u>6.30</u>	<u>7.0000</u>	<u>6.5000</u>
35	<u>5.75</u>	<u>5.00</u>	<u>6.50</u>	<u>5.50</u>	<u>6.25</u>	<u>6.25</u>	<u>7.0000</u>	<u>6.5000</u>
36	<u>5.75</u>	<u>4.96</u>	<u>6.30</u>	<u>5.50</u>	<u>6.20</u>	<u>6.20</u>	<u>6.9019</u>	<u>6.4019</u>
37	<u>5.75</u>	<u>4.92</u>	<u>6.10</u>	<u>5.50</u>	<u>6.15</u>	<u>6.15</u>	<u>6.8074</u>	<u>6.3074</u>
38	<u>5.75</u>	<u>4.88</u>	<u>5.90</u>	<u>5.40</u>	<u>6.10</u>	<u>6.10</u>	<u>6.7125</u>	<u>6.2125</u>
39	<u>5.75</u>	<u>4.84</u>	<u>5.70</u>	<u>5.30</u>	<u>6.05</u>	<u>6.05</u>	<u>6.6054</u>	<u>6.1054</u>
40	<u>5.75</u>	<u>4.80</u>	<u>5.50</u>	<u>5.20</u>	<u>6.00</u>	<u>6.00</u>	<u>6.5000</u>	<u>6.0000</u>
41	<u>5.75</u>	<u>4.76</u>	<u>5.40</u>	<u>5.10</u>	<u>5.90</u>	<u>5.95</u>	<u>6.3540</u>	<u>5.8540</u>
42	<u>5.75</u>	<u>4.72</u>	<u>5.30</u>	<u>5.00</u>	<u>5.80</u>	<u>5.90</u>	<u>6.2087</u>	<u>5.7087</u>
43	<u>5.65</u>	<u>4.68</u>	<u>5.20</u>	<u>4.90</u>	<u>5.70</u>	<u>5.85</u>	<u>6.0622</u>	<u>5.5622</u>
44	<u>5.55</u>	<u>4.64</u>	<u>5.10</u>	<u>4.80</u>	<u>5.60</u>	<u>5.80</u>	<u>5.9048</u>	<u>5.4078</u>
45	<u>5.45</u>	<u>4.60</u>	<u>5.00</u>	<u>4.70</u>	<u>5.50</u>	<u>5.75</u>	<u>5.7500</u>	<u>5.2500</u>
46	<u>5.35</u>	<u>4.56</u>	<u>4.95</u>	<u>4.60</u>	<u>5.40</u>	<u>5.70</u>	<u>5.6940</u>	<u>5.1940</u>
47	<u>5.25</u>	<u>4.52</u>	<u>4.90</u>	<u>4.50</u>	<u>5.30</u>	<u>5.65</u>	<u>5.6375</u>	<u>5.1375</u>
48	<u>5.15</u>	<u>4.48</u>	<u>4.85</u>	<u>4.50</u>	<u>5.20</u>	<u>5.60</u>	<u>5.5822</u>	<u>5.0822</u>
49	<u>5.05</u>	<u>4.44</u>	<u>4.80</u>	<u>4.50</u>	<u>5.10</u>	<u>5.55</u>	<u>5.5404</u>	<u>5.0404</u>
50	<u>4.95</u>	<u>4.40</u>	<u>4.75</u>	<u>4.50</u>	<u>5.00</u>	<u>5.50</u>	<u>5.5000</u>	<u>5.0000</u>
51	<u>4.85</u>	<u>4.36</u>	<u>4.75</u>	<u>4.50</u>	<u>4.90</u>	<u>5.45</u>	<u>5.4384</u>	<u>4.9384</u>
52	<u>4.75</u>	<u>4.32</u>	<u>4.75</u>	<u>4.50</u>	<u>4.80</u>	<u>5.40</u>	<u>5.3776</u>	<u>4.8776</u>
53	<u>4.65</u>	<u>4.28</u>	<u>4.75</u>	<u>4.50</u>	<u>4.70</u>	<u>5.35</u>	<u>5.3167</u>	<u>4.8167</u>
54	<u>4.55</u>	<u>4.24</u>	<u>4.75</u>	<u>4.50</u>	<u>4.60</u>	<u>5.30</u>	<u>5.2826</u>	<u>4.7826</u>
55	<u>4.45</u>	<u>4.20</u>	<u>4.75</u>	<u>4.50</u>	<u>4.50</u>	<u>5.25</u>	<u>5.2500</u>	<u>4.7500</u>
56	<u>4.35</u>	<u>4.16</u>	<u>4.75</u>	<u>4.50</u>	<u>4.40</u>	<u>5.20</u>	<u>5.2500</u>	<u>4.7500</u>
57	<u>4.25</u>	<u>4.12</u>	<u>4.75</u>	<u>4.50</u>	<u>4.30</u>	<u>5.15</u>	<u>5.2500</u>	<u>4.7500</u>
58	<u>4.25</u>	<u>4.08</u>	<u>4.75</u>	<u>4.60</u>	<u>4.20</u>	<u>5.10</u>	<u>5.2500</u>	<u>4.7500</u>
59	<u>4.25</u>	<u>4.04</u>	<u>4.75</u>	<u>4.70</u>	<u>4.10</u>	<u>5.05</u>	<u>5.2500</u>	<u>4.7500</u>
60	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>4.80</u>	<u>4.00</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
61	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>4.90</u>	<u>3.90</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
62	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.00</u>	<u>3.80</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>

<u>63</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.10</u>	<u>3.70</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>64</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.60</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>65</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>66</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>67</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>68</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>69</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>70</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
<u>71</u>	<u>4.25</u>	<u>4.00</u>		<u>5.20</u>				

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00 <u>4.50</u> %
correctional state employees retirement plan	5.00 <u>4.50</u>
State Patrol retirement plan	5.00 <u>4.50</u>
legislators retirement plan	5.00 <u>4.50</u>
elective state officers retirement plan	5.00
judges retirement plan	5.00 <u>4.00</u>
general public employees retirement plan	6.00 <u>4.50</u>
public employees police and fire retirement plan	6.00 <u>4.50</u>
local government correctional service retirement plan	6.00 <u>4.50</u>
teachers retirement plan	5.00 <u>4.50</u>
Duluth teachers retirement plan	5.00 <u>4.50</u>
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

Sec. 14. Minnesota Statutes 2006, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For ~~funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490~~ the retirement plans listed in subdivision 8, paragraph (c), the additional contribution must be calculated on a

level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. ~~For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated, assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent at the applicable percentage rate set forth in subdivision 8, paragraph (c).~~ For all other funds retirement plans, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any ~~fund~~ retirement plan other than the Minneapolis Employees Retirement Fund ~~and~~ the general employees retirement plan of the Public Employees Retirement Association ~~general plan~~, and the St. Paul Teachers Retirement Fund Association, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any ~~fund or~~ retirement plan other than the Minneapolis Employees Retirement Fund and the general employees retirement plan of the Public Employees Retirement Association ~~general plan~~, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis Employees Retirement Fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation shall contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

~~(g)~~ (k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

(l) In addition to calculating the unfunded actuarial accrued liability of the retirement plan for financial reporting purposes under paragraphs (a) to (j), the actuarial valuation of the retirement plan must also include a calculation of the unfunded actuarial accrued liability of the retirement plan for purposes of determining the amortization contribution sufficient to amortize the unfunded actuarial liability of the Minnesota Post Retirement Investment Fund. For this exhibit, the calculation must be the unfunded actuarial accrued liability net of the postretirement adjustment liability funded from the investment performance of the Minnesota Post Retirement Investment Fund or the retirement benefit fund.

Sec. 15. Minnesota Statutes 2006, section 356.215, subdivision 18, is amended to read:

Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than those set forth in this section preretirement interest, postretirement interest, salary increase, and payroll increase may be changed only with the

approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than postretirement interest and preretirement interest may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

~~(b)~~ (c) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the joint retirement systems under section 356.214, ~~by the actuarial advisor to a pension fund governed by chapter 352, 353, 354, or 354A,~~ or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 16. Minnesota Statutes 2007 Supplement, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (10), and ~~(12) to (14)~~ (13) to (15), but does not mean the deferred compensation plan administered under sections 352.96 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" includes an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or a state agency or other governmental unit that employs active participants in a covered pension plan.

Sec. 17. **APPROPRIATION; LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.**

\$140,000 is appropriated from the general fund to the Legislative Commission on Pensions and Retirement in fiscal year 2009 in order to cover the costs of any contract authorized under Minnesota Statutes, section 356.214, subdivision 4. The commissioner of finance must include these funds in the base level funding for the commission when preparing forecasts of general fund spending and revenue and initial budget estimates each biennium, as long as an actuary remains under contract to the commission under Minnesota Statutes, section 356.214, subdivision 4.

Sec. 18. **REPEALER.**

Minnesota Statutes 2006, sections 356.214, subdivision 2; and 356.215, subdivision 2a, are repealed.

Sec. 19. **EFFECTIVE DATE.**

Sections 1 to 18 are effective June 30, 2008, and apply to annual financial reports and actuarial valuations prepared after June 1, 2008.

ARTICLE 12

RETIREMENT SAVINGS PROGRAMS

Section 1. Minnesota Statutes 2006, section 123B.02, subdivision 15, is amended to read:

Subd. 15. **Annuity contract; payroll allocation.** At the request of an employee and as part of the employee's compensation arrangement, the board may purchase an individual annuity contract for an employee for retirement or other purposes and may make payroll allocations in accordance with such arrangement for the purpose of paying the entire premium due and to become due under such contract. The allocation must be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current Federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and the employee's rights under the contract shall be nonforfeitable except for failure to pay premiums. Section 122A.40 shall not be applicable hereto and the board shall have no liability thereunder because of its purchase of any individual annuity contracts. This statute shall be applied in a nondiscriminatory manner to employees of the school district. The identity and number of the available vendors under section 403(b) of the Internal Revenue Code is a term and condition of employment under section 179A.03.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 2. Minnesota Statutes 2006, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** The board shall:

- (1) elect a chair;
- (2) appoint an executive director;
- (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;
- (4) consider and dispose of, or take any other action the board of directors deems appropriate concerning denials of applications for annuities or disability benefits under this chapter, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;
- (5) advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control; and
- (6) oversee the administration of the state deferred compensation plan established in section ~~352.96~~ 352.965.

The director and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. The salary of the executive director must be as provided by section 15A.0815. The salary of the assistant director must be set in accordance with section 43A.18, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 3. **[352.965] MINNESOTA STATE DEFERRED COMPENSATION PLAN.**

Subdivision 1. **Establishment.** (a) The Minnesota state deferred compensation plan is established. For purposes of this section, "plan" means the Minnesota state deferred compensation plan, unless the context clearly indicates otherwise. The Minnesota State Retirement System shall administer the plan.

(b) The purpose of the plan is to provide a means for a public employee to contribute a portion of the employee's compensation to a tax-deferred investment account. The plan is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue Code, United States Code, title 26, section 457(b), and the applicable regulations under Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

(c) The board of directors of the Minnesota State Retirement System is the plan trustee and the board's executive director is the plan administrator. Fiduciary activities of the plan must be undertaken in a manner consistent with chapter 356A.

(d) The executive director, with the approval of the board of directors, shall adopt and amend, as required to maintain tax-qualified status, a written plan document specifying the material terms and conditions for eligibility, benefits, applicable limitations, and the time and form under which benefit distributions can be made. With the approval of the board of directors, the executive director may also establish policies and procedures necessary for the administration of the deferred compensation plan.

(e) The plan document shall include provisions that are necessary to cause the plan to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code. The plan document may provide additional administrative and substantive provisions consistent with state law, provided those provisions will not cause the plan to fail to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code and may include provisions for certain optional features and services.

(f) The board of directors may authorize the executive director to establish and administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth individual retirement account as defined under section 408A of the Internal Revenue Code.

(g) All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts for the exclusive benefit of the plan participants and beneficiaries, as required by section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and 356A.06, subdivision 1.

(h) The information and data maintained in the accounts of the participants and beneficiaries are private data and shall not be disclosed to anyone other than the participant or beneficiary pursuant to a court order or pursuant to section 356.49.

(i) The plan document is not subject to the rule adoption process under the Administrative Procedures Act, including section 14.386, but must conform with applicable federal and state laws.

Subd. 2. **Right to participate in the deferred compensation plan.** At the request of an officer or employee of the state, an officer or employee of a political subdivision, or an employee covered by a retirement fund in section 356.20, subdivision 2, the appointing authority shall defer the payment of part of the compensation of the public officer or employee through payroll deduction. The amount to be deferred must be as provided in a written agreement between the officer or employee and the public employer. The agreement must be in a form specified by the executive director of the Minnesota State Retirement System and must be consistent with the requirements for an eligible plan under federal and state tax laws, regulations, and rulings.

Subd. 3. **Failure to implement plan.** The public employer must complete implementation of the deferred compensation plan within 45 days of the request as provided in subdivision 2. If the public employer fails to implement the deferred compensation plan, the public employer may not defer compensation under any existing or new deferred compensation plan from the date of the request until the date on which the deferred compensation plan provided for in this section is implemented. Upon the petition of a public officer or employee, the executive director of the Minnesota State Retirement System may order the public officer's or employee's public employer to implement the deferred compensation plan provided for in this section and may enforce that order in appropriate legal proceedings.

Subd. 4. **Plan investments.** (a) Investments under the plan may include:

(1) shares in the Minnesota supplemental investment fund established in section 11A.17 that are selected to be offered under the plan by the State Board of Investment;

(2) saving accounts in federally insured financial institutions;

(3) life insurance contracts, fixed annuity, and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;

(4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

(5) investment options from a firm that is a registered investment advisor under the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;

(6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1); or

(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as specified by the participant.

(b) All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held for the exclusive benefit of the plan participants and beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law in accordance with section 356A.06, subdivision 1. This subdivision does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.

Subd. 5. **State Board of Investment to determine investments.** (a) The State Board of Investment shall determine the investment products to be made available under the plan and may retain appropriate consulting services to assist in making the selections. At a minimum, the State Board of Investment shall consider the following:

(1) the experience and ability of the financial institution to provide benefits and products that are suited to meet the needs of plan participants;

(2) the relationship of those benefits and products provided by the financial institution to their cost;

(3) the financial strength and stability of the financial institution; and

(4) the fees and expenses associated with the investment products in comparison to other products of similar risk and rates of return.

(b) If the State Board of Investment so elects, it may solicit bids for options under subdivision 4, clauses (2), (3), (4), (5), and (6). The State Board of Investment may retain consulting services to assist in soliciting and evaluating bids and in the periodic review of companies offering options under subdivision 4, clauses (3), (4), (5), and (6). The periodic review must occur at least every two years. The State Board of Investment may annually establish a budget for its costs in soliciting, evaluation, and periodic review processes. All options in subdivision 4 must be presented in an unbiased manner and in a manner that conforms to rules adopted by the executive director, be reported on a periodic basis to all participants in the deferred compensation plan, and not be the subject of unreasonable solicitation of participants in the plan. The State Board of Investment may charge a proportional share of all costs related to the periodic review to each company currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids to each company selected by the State Board of Investment.

(c) Under the procedures set forth in the plan document, participants may select the funds or combination of funds within which to invest and may reallocate those investments as provided in the plan document and procedures established by the executive director.

(d) This section does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5).

(e) The state, the Minnesota State Retirement System, the executive director and board of directors of the system, the State Board of Investment, and participating public employers are not liable and not responsible for any loss that may result from investment of the deferred compensation or the investment choices made by the participants.

Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary administrative expenses of the deferred compensation plan may be charged to plan participants in the form of an annual fee, an asset-based fee, a percentage of the contributions to the plan, or a combination thereof, as set forth in the plan document. The executive director of the system at the direction of the board of directors shall establish procedures to carry out this section including allocation of administrative costs of the plan to participants. Processes and procedures shall be set forth in the plan document. Fees cannot be charged on contributions and investment returns attributable to contributions made to the Minnesota supplemental investment funds before July 1, 1992.

(b) The plan document must conform to federal and state tax laws, regulations, and rulings, and is not subject to the Administrative Procedure Act.

(c) The executive director may contract with a third party to perform administrative and record keeping functions. The executive director may solicit bids and negotiate such contracts.

(d) The board of directors may authorize a third-party investment consultant to provide investment information and advice, provided that the offering of such information and advice is consistent with the investment advice requirements applicable to private plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law 109-280, section 601.

Subd. 7. **Other laws not applicable.** Except as provided in this section, no provisions of this chapter or other law specifically referring to this chapter applies to this section unless the Minnesota deferred compensation plan is specifically referenced.

Subd. 8. **Exemption from process.** No amount of deferred compensation is assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

Subd. 9. **Missing participants.** The plan document shall establish procedures to assist in locating participants. If a participant cannot be located the participant's benefits shall be deemed abandoned and the provisions of section 356.65 shall apply to their disposition.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 4. Minnesota Statutes 2006, section 352.97, is amended to read:

352.97 PRIOR DEFERRED COMPENSATION PLANS; CONSTRUCTION.

Sections ~~352.96~~ 352.965 and 352.97 do not preempt, prohibit, ratify, or approve any other deferred compensation plan established before or after June 3, 1975.

Sec. 5. Minnesota Statutes 2006, section 353D.12, subdivision 4, is amended to read:

Subd. 4. **Authorized rollovers.** To the extent allowed by federal law, the employee purchase amount may be made with funds distributed from: (1) a plan qualified under section 401(a) of the federal Internal Revenue Code, as amended; (2) an annuity qualified under section 403(a) of the federal Internal Revenue Code, as amended; (3) an individual retirement account used solely to receive a nontaxable rollover from that type of plan or annuity; (4) the state deferred compensation plan authorized under section ~~352.96~~ 352.965 and qualified under section 457 of the federal Internal Revenue Code, as amended; or (5) another tax qualified plan or annuity that authorizes rollovers. The participating elected local government official shall supply sufficient written documentation that the transfer amounts are eligible for tax-free rollover treatment. An authorized tax-free rollover, plus any other purchase amount payments under this section, including subdivision 6, may not exceed the limitation in subdivision 2, paragraph (a). Notwithstanding any provision of state law or rule to the contrary, to the extent permitted under federal law, the employee purchase amount may be transferred from the state deferred compensation plan before the employee terminates public employment.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 6. Minnesota Statutes 2006, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** (a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive

representative of public employees in an appropriate unit or in the individual employment contract between a city and a city manager, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,000~~ a one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

(i) to the state of Minnesota deferred compensation plan under section ~~352.96~~ 352.965; ~~or~~

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay; ~~or~~

(12) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee; or

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a.

(b) No governmental subdivision may make a contribution to a deferred compensation plan operating under section 457 of the Internal Revenue Code for volunteer or emergency on-call firefighters in lieu of providing retirement coverage under the federal old age, survivors, and disability insurance program.

EFFECTIVE DATE. Paragraph (a), clause (13), is effective July 1, 2008. The balance of this section is effective August 1, 2008.

Sec. 7. Minnesota Statutes 2007 Supplement, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (10), and (12) to (14), but does not mean the deferred compensation plan administered under sections ~~352.96~~ 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" includes an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or a state agency or other governmental unit that employs active participants in a covered pension plan.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 356B.10, subdivision 3, is amended to read:

Subd. 3. **Contracting procedures.** (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;

(2) design criteria for the exterior and site area;

(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, to a private company under contract with the State Board of Investment, or with the Board of Directors of the Minnesota State Retirement System, whichever applies, to provide deferred compensation services under section ~~352.96~~ 352.965, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities,

services, and supplies, and may use the services of the Department of Administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 9. Minnesota Statutes 2006, section 363A.36, subdivision 1, is amended to read:

Subdivision 1. **Scope of application.** (a) For all contracts for goods and services in excess of \$100,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than 40 full-time employees within this state on a single working day during the previous 12 months, unless the commissioner is in receipt of the business' affirmative action plan for the employment of minority persons, women, and qualified disabled individuals. No department or agency of the state shall execute any such contract or agreement until the affirmative action plan has been approved by the commissioner. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of two years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner.

(b) This paragraph applies to a contract for goods or services in excess of \$100,000 to be entered into between a department or agency of the state and a business that is not subject to paragraph (a), but that has more than 40 full-time employees on a single working day during the previous 12 months in the state where the business has its primary place of business. A department or agency of the state may not execute a contract or agreement with a business covered by this paragraph unless the business has a certificate of compliance issued by the commissioner under paragraph (a) or the business certifies that it is in compliance with federal affirmative action requirements.

(c) This section does not apply to contracts entered into by the State Board of Investment for investment options under section ~~352.96~~ 352.965, subdivision 4.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 383B.914, subdivision 7, is amended to read:

Subd. 7. **Participation in state deferred compensation plan.** (a) Existing employees of the corporation, at the election of the corporation, if otherwise qualified, are eligible to participate in the Hennepin County supplemental retirement plan under sections 383B.46 and 383B.52.

(b) Existing and future employees of the corporation, at the election of the corporation, are eligible to participate in the Minnesota state deferred compensation plan under section ~~352.96~~ 352.965, the postretirement health care savings plan under section 352.98, and all other deferred compensation arrangements for which all persons employed by the county whose employment is accounted for in the county enterprise fund for HCMC were eligible.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 518.003, subdivision 8, is amended to read:

Subd. 8. **Public pension plan.** "Public pension plan" means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, the deferred compensation plan specified in section ~~352.96~~ 352.965, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or from other public sources.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 12. **REPEALER.**

Minnesota Statutes 2006, section 352.96; and Minnesota Rules, parts 7905.0100; 7905.0200; 7905.0300; 7905.0400; 7905.0500; 7905.0600; 7905.0700; 7905.0800; 7905.0900; 7905.1000; 7905.1100; 7905.1200; 7905.1300; 7905.1400; 7905.1500; 7905.1600; 7905.1700; 7905.1800; 7905.1900; 7905.2000; 7905.2100; 7905.2200; 7905.2300; 7905.2400; 7905.2450; 7905.2500; 7905.2560; 7905.2600; 7905.2700; 7905.2800; and 7905.2900, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2008.

ARTICLE 13

PERA POLICE AND FIRE PLAN
DUTY DISABILITY BENEFIT INCREASE

Section 1. Minnesota Statutes 2007 Supplement, section 353.656, subdivision 1, is amended to read:

Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the police and fire plan who is determined to qualify for duty disability as defined in section 353.01, subdivision 41, shall receive disability benefits during the period of such disability in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional percentage specified under section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.

(b) To be eligible for a benefit under paragraph (a), the member must have:

(1) not met the requirements for a retirement annuity under section 353.651, subdivision 1; or

(2) met the requirements under that subdivision, but does not have at least 20 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.

(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit must be computed on the average salary from which deductions were made for contribution to the police and fire fund.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

ARTICLE 14

LOCAL POLICE AND PAID FIRE
RELIEF ASSOCIATION CHANGES

Section 1. **[423A.021] DEFINED POSTRETIREMENT BENEFITS.**

Subdivision 1. **Pension unit increase.** For a salaried firefighters relief association in a city of the first class with a population greater than 300,000, when the actuarial value of assets of the special fund first exceeds 110 percent of the actuarial accrued liabilities, according to an annual actuarial valuation occurring after the effective date of this section and performed in accordance with sections 356.215 and 356.216, each service pensioner, joint survivor annuitant, and surviving spouse member is entitled to a permanent benefit increase. The revised benefit is an increase of one unit for a service pensioner, not to exceed 43 units, an increase from 22 to 23 units for a surviving

spouse benefit, and an increase from 42.3 to 43.2 units for unmarried service pensioners. The association shall pay the increased benefit beginning January 1 of the year following the year for which the valuation was prepared. If adding an additional unit results in raising total units past the maximum, a partial unit may be added to reach the maximum. For joint survivor annuities, this subdivision authorizes a benefit increase actuarially equivalent to one unit.

Subd. 2. **Unit precedence.** The additional benefit provided for in subdivision 1 shall take precedence over any other benefit provided when the fund reaches 110 percent funding. In preparing the actuarial valuation under sections 356.215 and 356.216, the actuary for the fund shall first account for the benefit provided in subdivision 1 in determining the plan's funded ratio. No other benefit payments may be made by the association until the actuarial impact of the benefit provided for in subdivision 1 has been determined and factored into the funding ratio.

Subd. 3. **Excess investment income.** For a salaried firefighters relief association in a city of the first class with a population greater than 300,000 that no longer is entitled to state general fund aid pursuant to section 423A.02, the association shall apply any assets that constitute excess investment income to the payment of a supplemental postretirement benefit to an eligible member notwithstanding any other limitation of law. Any amount of excess investment income not otherwise used for the payment of a supplemental postretirement benefit to an eligible member shall be applied to reduce the municipality's property tax levy to the association in the year following the payment of the postretirement benefit. A supplemental postretirement benefit is a lump sum payment equal to the monthly benefit provided to the benefit recipient in the month prior to payment of the supplemental postretirement benefit. A supplemental postretirement benefit payable under this section is in lieu of any benefit payable under section 423C.06, subdivision 2. No supplemental postretirement benefit is payable under this section if a benefit is payable under section 423C.06, subdivision 3.

ARTICLE 15

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2006, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a county, city, town, school district, ~~or other public corporations, shall discover~~ corporation, or local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, 422A, 423B, 423C, or 424A, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission with respect to peace officers covered under chapter 422A; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies, the State Patrol retirement plan, the public employees police and fire fund, or the Minneapolis Employees Retirement Fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (2); and (3), ~~and (4)~~.

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district, the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the Board of Regents. For the Metropolitan Airports Commission, the clerk is the person designated by the commission. For the Department of Natural Resources or the Department of Public Safety, the clerk is the respective commissioner. For a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person designated by the applicable American Indian tribal government.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 3. Minnesota Statutes 2006, section 356A.06, subdivision 1, is amended to read:

Subdivision 1. **Authorized holder of assets; title to assets.** (a) Assets of a covered pension plan may be held only by:

(1) the plan treasurer;₂

(2) the State Board of Investment;₂

(3) the depository agent of the plan;₂

(4) a security broker or the broker's agent with, in either case, insurance equal to or greater than the plan assets held from the Securities Investor Protection Corporation or from excess insurance coverage; or

(5) the depository agent of the State Board of Investment.

(b) Legal title to plan assets must be vested in the plan, the State Board of Investment, the governmental entity that sponsors the plan, the nominee of the plan, or the depository agent. The holder of legal title shall function as a trustee for a person or entity with a beneficial interest in the assets of the plan.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2006, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** Except to the extent otherwise authorized by law, a covered pension plan not described by subdivision 6, paragraph (a), shall invest its assets only in accordance with this subdivision.

(b) **Securities generally.** The covered pension plan has the authority to purchase, sell, lend, or exchange the securities specified in paragraphs (c) to (i), including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned as units in commingled trusts that own the securities described in paragraphs (c) to (i), including real estate investment trusts and insurance company commingled accounts, including separate accounts.

(c) **Government obligations.** The covered pension plan may invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph include guaranteed or insured issues of (1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress; (2) Canada and its provinces, provided the principal and interest is payable in United States dollars; (3) the states and their municipalities, political subdivisions, agencies, or instrumentalities; (4) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars.

(d) **Corporate obligations.** The covered pension plan may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof must be payable in United States dollars; and

(2) obligations must be rated among the top four quality categories by a nationally recognized rating agency.

(e) **Other obligations.** (1) The covered pension plan may invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage participation certificates and pools, asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(i) bankers acceptances and deposit notes of United States banks are limited to those issued by banks rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit are limited to those issued by (A) United States banks and savings institutions that are rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (B) credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper is limited to those issued by United States corporations or their Canadian subsidiaries and rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3, does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3;

(v) collateral for repurchase agreements and reverse repurchase agreements is limited to letters of credit and securities authorized in this section;

(vi) guaranteed investment contracts are limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts are limited to those fully insured by federal agencies; and

(viii) asset backed securities must be rated in the top four quality categories by a nationally recognized rating agency.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), the covered pension plan may purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(f) **Corporate stocks.** The covered pension plan may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, any corporation organized under the laws of the Dominion of Canada or its provinces, or any corporation listed on an exchange regulated by an agency of the United States or of the Canadian national government, if they conform to the following provisions:

(1) the aggregate value of investments under this paragraph, plus paragraphs (g) and (k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized gains and losses, must not exceed 85 percent of the market or book value, whichever is less, of a fund; and

(2) investments must not exceed five percent of the total outstanding shares of any one corporation.

(g) **Developed market foreign stocks investments.** In addition to investments authorized under paragraph (f), the covered pension fund may invest in foreign stock sold on an exchange in any developed market country that is included in the Europe, Australia, and Far East Index.

(h) **Commingled or mutual investments.** The covered pension plan may invest in index funds or mutual funds, including index mutual funds, through bank-sponsored collective funds and shares of open-end investment companies registered under the Federal Investment Company Act of 1940, ~~if the investments of the index or of the mutual fund to the extent that these funds~~ comply with paragraphs (c) to (j).

(i) **Real estate investment trust; related investments.** The covered pension plan may invest in real estate investment trusts secured by mortgages or deeds of trust and sold on an exchange, and insurance company commingled accounts, including separate accounts, of a debt or equity nature.

(j) **Exchange traded funds.** The covered pension plan may invest funds in exchange traded funds, subject to the maximums, the requirements, and the limitations set forth in paragraphs (c) to (i), as applicable.

(k) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (j), and subject to the provisions in clause (2), the covered pension plan may invest funds in:

(i) venture capital investment businesses through participation in limited partnerships and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust through investment in limited partnerships or bank sponsored collective funds;

(iii) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940 ~~which do~~ to the extent that a fund or a portion of a fund does not qualify under paragraph (h);

(iv) resource investments through limited partnerships, private placements, and corporations; and

(v) international debt securities and emerging market equity securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made according to clause (1), including allocated amounts of index and mutual funds, may not exceed 20 percent of the market value of the fund for which the covered pension plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the covered pension plan for investments made under clause (1), item (i), (ii), (iii), or (iv);

(iii) covered pension plan participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and

(iv) covered pension plan participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The covered pension plan may not engage in any activity as a limited partner which creates general liability.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2006, section 356A.06, subdivision 8b, is amended to read:

Subd. 8b. **Disclosure of investment authority; receipt of statement.** (a) For this subdivision, the term "broker" means a broker, broker-dealer, investment advisor, investment manager, or third party agent who transfers, purchases, sells, or obtains investment securities for, or on behalf of, a covered pension plan.

(b) Before a covered pension plan may complete an investment transaction with or in accord with the advice of a broker, the covered pension plan shall provide annually to the broker a written statement of investment restrictions applicable under state law to the covered pension plan or applicable under the pension plan governing board investment policy.

(c) A broker must acknowledge in writing annually the receipt of the statement of investment restrictions and must agree to handle the covered pension plan's investments and assets in accord with the provided investment restrictions. A covered pension plan may not enter into or continue a business arrangement with a broker until the broker has provided this written acknowledgment to the chief administrative officer of the covered pension plan.

(d) If any portion of the plan's assets are held by a security broker or its agent, the security broker or its agent must acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation, supplemented by additional insurance, if necessary, to cover the full amount of covered pension plan assets held by the security broker or its agent. Uniform acknowledgment forms prepared by the state auditor shall be used by covered pension plans and brokers to meet the requirements of this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2006, section 424A.001, is amended by adding a subdivision to read:

Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit other than a service pension that is permitted by law and that is provided for in the relief association bylaws.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 7. Minnesota Statutes 2006, section 424A.001, subdivision 6, is amended to read:

Subd. 6. **Surviving spouse.** For purposes of this chapter, and the governing bylaws of any relief association to which this chapter applies, the term "surviving spouse" means ~~any person who was the dependent spouse of a deceased active member or retired former member living with the member at the time of the death of the active member or retired former member for at least one year prior to the date on which the member terminated active service and membership~~ the spouse of a deceased member who was legally married to the member at the time of death.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 8. Minnesota Statutes 2006, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00

3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00

Effective beginning December 31, 2008

<u>4617</u>	<u>57.00</u>
<u>4698</u>	<u>58.00</u>
<u>4779</u>	<u>59.00</u>
<u>4860</u>	<u>60.00</u>
<u>4941</u>	<u>61.00</u>
<u>5022</u>	<u>62.00</u>
<u>5103</u>	<u>63.00</u>
<u>5184</u>	<u>64.00</u>
<u>5265</u>	<u>65.00</u>

Effective beginning December 31, 2009

<u>5346</u>	<u>66.00</u>
<u>5427</u>	<u>67.00</u>
<u>5508</u>	<u>68.00</u>
<u>5589</u>	<u>69.00</u>
<u>5670</u>	<u>70.00</u>
<u>5751</u>	<u>71.00</u>
<u>5832</u>	<u>72.00</u>
<u>5913</u>	<u>73.00</u>
<u>5994</u>	<u>74.00</u>

Effective beginning December 31, 2010

<u>6075</u>	<u>75.00</u>
<u>6156</u>	<u>76.00</u>
<u>6237</u>	<u>77.00</u>
<u>6318</u>	<u>78.00</u>
<u>6399</u>	<u>79.00</u>
<u>6480</u>	<u>80.00</u>
<u>6561</u>	<u>81.00</u>
<u>6642</u>	<u>82.00</u>
<u>6723</u>	<u>83.00</u>

Effective beginning December 31, 2011

<u>6804</u>	<u>84.00</u>
<u>6885</u>	<u>85.00</u>
<u>6966</u>	<u>86.00</u>
<u>7047</u>	<u>87.00</u>
<u>7128</u>	<u>88.00</u>
<u>7209</u>	<u>89.00</u>
<u>7290</u>	<u>90.00</u>
<u>7371</u>	<u>91.00</u>
<u>7452</u>	<u>92.00</u>

Effective beginning December 31, 2012

<u>7533</u>	<u>93.00</u>
<u>7614</u>	<u>94.00</u>
<u>7695</u>	<u>95.00</u>
<u>7776</u>	<u>96.00</u>
<u>7857</u>	<u>97.00</u>
<u>7938</u>	<u>98.00</u>
<u>8019</u>	<u>99.00</u>
<u>8100</u>	<u>100.00</u>
<u>any amount in excess of 8100</u>	<u>100.00</u>

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$...	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320

194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400

2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500

Effective beginning December 31, 2008

<u>4101</u>	<u>7600</u>
<u>4155</u>	<u>7700</u>
<u>4209</u>	<u>7800</u>
<u>4263</u>	<u>7900</u>
<u>4317</u>	<u>8000</u>
<u>4371</u>	<u>8100</u>
<u>4425</u>	<u>8200</u>
<u>4479</u>	<u>8300</u>

Effective beginning December 31, 2009

<u>4533</u>	<u>8400</u>
<u>4587</u>	<u>8500</u>
<u>4641</u>	<u>8600</u>
<u>4695</u>	<u>8700</u>
<u>4749</u>	<u>8800</u>
<u>4803</u>	<u>8900</u>
<u>4857</u>	<u>9000</u>
<u>4911</u>	<u>9100</u>

Effective beginning December 31, 2010

<u>4965</u>	<u>9200</u>
<u>5019</u>	<u>9300</u>
<u>5073</u>	<u>9400</u>
<u>5127</u>	<u>9500</u>
<u>5181</u>	<u>9600</u>
<u>5235</u>	<u>9700</u>
<u>5289</u>	<u>9800</u>
<u>5343</u>	<u>9900</u>
<u>5397</u>	<u>10,000</u>
<u>any amount in excess of 5397</u>	<u>10,000</u>

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

Sec. 9. Minnesota Statutes 2006, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a relief association is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50.

(b) The deferred service pension is payable when the former member reaches age 50, or the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A relief association that provides a lump sum service pension governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association or if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(2) at an interest rate of up to five percent, compounded annually, as set by the board of directors and approved as provided in subdivision 10; ~~or,~~

~~(3) at a rate equal to the actual time weighted total rate of return investment performance of the special fund as reported by the Office of the State Auditor under section 356.219, up to five percent, compounded annually, and applied consistently for all deferred service pensioners.~~

~~A relief association may not use the method provided for in clause (3), until it has modified its bylaws to be consistent with that clause.~~

~~(d) Interest under paragraph (c), clause (2) or (3), is payable from the first day of the month next following the date on which the municipality has approved the deferred service pension interest rate established by the board of trustees or from the first day of the month next following the date on which the member separated from active fire department service and relief association membership, whichever is later, to the last day of the month immediately before the month in which the deferred member becomes eligible to begin receipt of the service pension and applies for the deferred service pension.~~

(e) A relief association that provides a defined contribution service pension may, if its governing bylaws so provide, credit interest or additional investment performance on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, the interest must be paid in one of the manners specified in paragraph (c) or alternatively the relief association may credit any investment return on the assets of the special fund of the defined contribution volunteer firefighter relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account through the date on which the investment return is recognized by and credited to the special fund.

(f) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

(g) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2006, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated using by multiplying the service pension amount specified in the bylaws of the relief association ~~and at the time of death or disability, whichever applies,~~ by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated ~~(\pm)~~ without regard to whether the member ~~or former member~~ had attained the minimum amount of service and membership credit specified in the governing bylaws; ~~and (ii) without regard to the percentage amounts specified in subdivision 2;~~ For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 11. Minnesota Statutes 2006, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements from the special fund are not permitted to be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) for the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association, and if survivors and if no designated beneficiary, for the payment of a death benefit to the estate of the deceased active firefighter, if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

~~(4) for the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;~~

~~(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association, to the Minnesota Area Relief Association Coalition, and to the state Volunteer Firefighters Benefit Association in order to entitle relief association members to membership in and the benefits of these associations or organizations; and~~

~~(6) (5) for the payment of administrative expenses of the relief association as authorized under section 69.80.~~

(b) For purposes of this chapter, a designated beneficiary must be a natural person.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 12. **VOLUNTARY STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

Subdivision 1. **Definitions.** (a) For purposes of this article, unless the context clearly indicates otherwise, the terms or phrases in this subdivision have the meanings given them.

(b) "Board" means the voluntary statewide lump-sum volunteer firefighter retirement plan advisory board established under subdivision 2.

(c) "Executive director" means the executive director of the Public Employees Retirement Association.

(d) "Fire department" means the agency or department of a municipality or an independent nonprofit firefighting corporation that is charged with the prevention and suppression of fire and other related emergency activities.

(e) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters relief association.

Subd. 2. **Establishment.** The voluntary statewide lump-sum volunteer firefighter retirement plan advisory board is established.

Subd. 3. **Membership.** (a) The voluntary statewide lump-sum volunteer firefighter retirement plan advisory board consists of six persons. The members of the board must be appointed as follows:

(1) board seat A: a volunteer firefighter from a firetown with a population under 5,000 appointed by the president of the Minnesota State Fire Departments Association;

(2) board seat B: a volunteer firefighter from a firetown with a population greater than 5,000 and less than 9,001 appointed by the president of the Minnesota State Fire Chiefs Association;

(3) board seat C: a volunteer firefighter from a firetown with a population greater than 9,000 and less than 20,000 appointed by the president of the Minnesota State Fire Departments Association;

(4) board seat D: a volunteer firefighter from a firetown with a population greater than 19,999 appointed by the president of the Minnesota State Fire Chiefs Association;

(5) board seat E: a person appointed by the president of the League of Minnesota Cities; and

(6) board seat F: a person appointed by the president of the Minnesota Association of Townships.

(b) The members of the board shall serve until August 1, 2009.

(c) Service as a member of the board is uncompensated and does not qualify for the reimbursement of expenses or for any per diem allowance by the state or the Public Employees Retirement Association.

(d) A vacancy on the board must be filled by appointment by the governor in accordance with the requirements specified in paragraph (a).

Subd. 4. **Board duties.** The board shall:

(1) elect a chair; and

(2) with the advice and administrative support of the executive director, draft legislative recommendations for establishment, organization, and administration of the voluntary statewide lump-sum volunteer firefighter retirement plan consistent with this section, Minnesota Statutes, chapters 356 and 356A, and any other limitation or requirement of law.

Subd. 5. **Information from municipalities and fire departments.** Municipalities and fire departments with volunteer firefighters who would be covered by the plan shall provide all relevant information and records that the board or the executive director requires to perform their duties.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. **REPEALER OF PRIOR INCONSISTENT SPECIAL VOLUNTEER FIRE RELIEF ASSOCIATION ANCILLARY BENEFIT LEGISLATION.**

Subdivision 1. **Anoka.** Laws 1969, chapter 352, section 1, subdivisions 3, 4, 5, and 6, are repealed.

Subd. 2. **Butterfield.** Laws 1975, chapter 185, section 1, is repealed.

Subd. 3. **Coon Rapids.** Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6, 7, 8, and 9, are repealed.

Subd. 4. **Edina.** (1) Laws 1965, chapter 592, section 3, as amended by Laws 1969, chapter 644, section 2, and Laws 1975, chapter 229, section 2; (2) Laws 1965, chapter 592, section 4, as amended by Laws 1969, chapter 644, section 2, Laws 1975, chapter 229, section 3, Laws 1985, chapter 261, section 37, and Laws 1991, chapter 125, section 1; (3) Laws 1985, chapter 261, section 37, as amended by Laws 1991, chapter 125, section 1; and (4) Laws 1991, chapter 125, section 1, are repealed.

Subd. 5. **Fairmont.** Laws 1967, chapter 575, sections 2, as amended by Laws 1979, chapter 201, section 23; 3; and 4, are repealed.

Subd. 6. **Falcon Heights.** Laws 1969, chapter 526, sections 3; 4; 5, as amended by Laws 1974, chapter 208, section 2; and 7, as amended by Laws 1974, chapter 208, section 3, are repealed.

Subd. 7. **Golden Valley.** Laws 1971, chapter 140, sections 2, as amended by Laws 1973, chapter 30, section 2; 3, as amended by Laws 1973, chapter 30, section 3; 4, as amended by Laws 1973, chapter 30, section 4; and 5, as amended by Laws 1973, chapter 30, section 5; and Laws 1993, chapter 244, article 4, section 1, are repealed.

Subd. 8. **Wayzata.** Laws 1973, chapter 472, section 1, as amended by Laws 1976, chapter 272, section 1, and Laws 1979, chapter 201, section 33, is repealed.

Subd. 9. **White Bear Lake.** Laws 1971, chapter 214, section 1, subdivisions 1, 2, 3, 4, and 5, are repealed.

EFFECTIVE DATE; LOCAL APPROVAL. (a) Subdivision 1 is effective the day after the governing body of Anoka and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(b) Subdivision 2 is effective the day after the governing body of Butterfield and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(c) Subdivision 3 is effective the day after the governing body of Coon Rapids and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(d) Subdivision 4 is effective the day after the governing body of Edina and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(e) Subdivision 5 is effective the day after the governing body of Fairmont and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(f) Subdivision 6 is effective the day after the governing body of Falcon Heights and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(g) Subdivision 7 is effective the day after the governing body of Golden Valley and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(h) Subdivision 8 is effective the day after the governing body of Wayzata and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

(i) Subdivision 9 is effective the day after the governing body of White Bear Lake and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June 30, 2009.

ARTICLE 16

MEMBERSHIP DUES WITHHOLDING

Section 1. **[356.91] VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

(a) Upon written authorization of a person receiving an annuity from a public pension fund administered by the Minnesota State Retirement System, the Public Employees Retirement Association, or the Minneapolis Employees Retirement Fund, the executive director of the public pension fund may deduct from the retirement annuity an amount requested by the annuitant to be paid as dues to any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees of which the annuitant is a member and shall pay the amount to the organization so designated by the annuitant.

(b) A pension fund and the plan fiduciaries which authorize or administer deductions of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

(c) The deductions under paragraph (a) may occur no more frequently than two times per year.

(d) Any labor organization specified in paragraph (a) shall reimburse the public pension fund for the administrative expense of withholding premium amounts.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 17

SMALL GROUP PROVISIONS

Section 1. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION COVERAGE TERMINATION.**

Subdivision 1. **Eligibility.** (a) An eligible individual specified in paragraph (b) is authorized to apply for a retirement annuity, provided necessary age and service requirements are met, under Minnesota Statutes, section 353.29 or 353.30, as applicable, as further specified under subdivision 2.

(b) An eligible individual is an individual who:

(1) was employed by Independent School District No. 535, Rochester, on October 6, 1993, and became a member of the Public Employees Retirement Association coordinated plan;

(2) terminated from Independent School District No. 535, Rochester, on December 31, 2003;

(3) was elected to the Rochester City Council on April 22, 2003, and sworn in on May 5, 2003;

(4) was reelected to the Rochester City Council and took office in November 2004;

(5) continued to work for Olmsted County on a contract basis, while serving on the city council;

(6) elected under law then applicable to have Public Employees Retirement Association coordinated plan coverage for the city council elected service; and

(7) terminated Independent School District No. 535, Rochester, employment but is unable to commence receipt of a Public Employees Retirement Association coordinated plan annuity because of the continuing Public Employees Retirement Association coordinated plan coverage for the elected city council service and for Olmsted County.

Subd. 2. **Retirement annuity.** (a) Notwithstanding an irrevocable election to participate in the Public Employees Retirement Association coordinated plan as an elected official and continuation of elected service, an eligible individual under subdivision 1, paragraph (b), is deemed to have terminated membership under Minnesota Statutes, section 353.01, subdivision 11b, following termination of the Olmsted County employment.

(b) If the requirements of paragraph (a) are satisfied, the eligible individual may apply for a retirement annuity under Minnesota Statutes, section 353.29 or 353.30, as applicable. In computing the annuity, the Public Employees Retirement Association must exclude salary due to the elected Rochester City Council service. Deferred annuity augmentation under Minnesota Statutes, section 353.71, applies to this annuity.

Subd. 3. **Treatment of Rochester City Council contributions to the Public Employees Retirement Association.** (a) All employee contributions to the Public Employees Retirement Association coordinated plan by an eligible individual in subdivision 1, paragraph (b), due to the elected Rochester City Council service, and all corresponding employer contributions, must be determined.

(b) An eligible individual under subdivision 1, paragraph (b), must elect, within one year of the effective date of this section or upon termination of elective service, whichever is earlier, a refund under Minnesota Statutes, section 353.34, subdivision 2, of employee contributions determined under paragraph (a), or coverage by the public employees defined contribution plan under Minnesota Statutes, chapter 353D, as further specified in paragraph (c).

(c) If public employee defined contribution plan coverage is elected under paragraph (b), contributions to that plan commence as of the first day of the pay period following this election, and accumulated employee and employer contributions determined under paragraph (a) must be transferred with six percent annual interest to an account for the eligible individual in the public employees defined contribution plan.

(d) If no election is made by an eligible individual by the required date in paragraph (b), the individual is assumed to have elected the refund indicated in paragraph (b).

(e) Upon an election under paragraph (b), or a mandatory refund under paragraph (d), all rights in the Public Employees Retirement Association coordinated plan due to elected Rochester City Council service are forfeited and may not be reestablished.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. **PERA-GENERAL; ST. PAUL PUBLIC WORKS EMPLOYEE; RETIREMENT ANNUITY REVOCATION.**

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, an eligible person described in paragraph (b) is entitled to withdraw a retirement annuity application previously filed with the general employees retirement plan of the Public Employees Retirement Association and to apply for a disability benefit if determined to have been totally and permanently disabled as of the date of the termination of active employment.

(b) An eligible person is a person who:

(1) was born on March 9, 1949;

(2) was an employee of the Department of Public Works of the city of St. Paul prior to terminating active employment;

(3) suffered an employment-related shoulder injury on May 9, 2006;

(4) suffers from and has been treated for stress and related disorders; and

(5) filed an application for a retirement annuity from the general employees retirement plan of the Public Employees Retirement Association on December 12, 2006, without being provided with a disability benefit application and without being provided with any benefit counseling by the Public Employees Retirement Association.

(c) If the eligible person, upon withdrawing the retirement annuity application in writing and upon filing a disability benefit application with the Public Employees Retirement Association, is determined to have been totally and permanently disabled as of the date of the termination of active employment under Minnesota Statutes, sections 353.01, subdivision 19, and 353.33, the eligible person is entitled to receive a disability benefit effective retroactively from the date on which the eligible person terminated active employment, under the same annuity option selection made on December 12, 2006. The amount of any increased benefit amount between the date of the termination of active employment and the disability determination date is payable in a lump sum as soon as is practicable following the disability determination date.

(d) If the previously filed retirement annuity application is withdrawn under this section and the eligible person is determined not to have been totally and permanently disabled as of the date of the termination of active employment, the prior retirement annuity application is reinstated.

(e) The authority to withdraw a previously filed retirement annuity application under this section expires on January 1, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any eligible person who was a public employee on December 1, 2006.

Sec. 3. **PERA-P&F; TRANSFER OF SERVICE CREDIT FOR PRIOR MAPLE GROVE CITY EMPLOYMENT PERIOD.**

Subdivision 1. **Authorization.** An eligible person described in subdivision 2 is authorized to have service credit transferred under subdivision 3 upon the payment of the additional amounts required under subdivision 4 and upon the substantiation of the nature of the employment under subdivision 5.

Subd. 2. **Eligible person.** For purposes of this section, an eligible person is a person who:

(1) was born on April 12, 1956;

(2) was initially employed by the city of Maple Grove on February 16, 1988;

(3) was employed as a full-time fire inspector by the fire-rescue department of the city of Maple Grove, including daytime response to fire calls, with retirement coverage by the coordinated program of the general employees retirement plan of the Public Employees Retirement Association, on April 2, 1990; and

(4) was transferred to retirement coverage by the public employees police and fire retirement plan as a fire inspector by Maple Grove city council action on January 1, 1996.

Subd. 3. **Service credit transfer.** (a) An eligible person, upon filing a written application as prescribed by the executive director of the Public Employees Retirement Association and upon compliance with subdivisions 4 and 5, shall have service credit for the period from April 2, 1990, to January 1, 1996, transferred from the coordinated program of the general employees retirement plan to the public employees police and fire retirement plan on the first of the month next following the receipt of the additional payments under subdivision 4.

(b) Upon the transfer of service credit under paragraph (a), the service credit of the eligible person in the coordinated program of the general employees retirement plan for the period from April 2, 1990, to January 1, 1996, is forfeited and may not be subsequently restored under Minnesota Statutes, section 353.35, or any other applicable provision of law.

Subd. 4. **Additional payment amounts.** (a) Accompanying the written application under subdivision 3, the eligible person shall include an additional member contribution payment for the period from April 2, 1990, to January 1, 1996. The additional member contribution payment amount is the difference between the member contribution rate under Minnesota Statutes, section 353.65, subdivision 2, and the member contribution rate under Minnesota Statutes, section 353.27, subdivision 2, applied to the eligible person's total covered salary for the period from April 2, 1990, to January 1, 1996, plus annual compound interest from August 1, 1993, to the date on which the payment is made at the rate of 8.5 percent.

(b) Upon receipt of the additional member contributions under paragraph (a), the executive director of the Public Employees Retirement Association shall notify the city of Maple Grove that the payment was made and the amount of the additional employer contribution. Within 30 days of the receipt of the notification from the Public Employees Retirement Association, the city of Maple Grove shall pay the additional employer contribution amount. The amount is the difference between the present value of the eligible person's combined retirement annuity from the coordinated program of the general employees retirement plan and from the public employees police and fire retirement plan as of the end of the month preceding the payment of the additional member contribution amount and the present value of the potential retirement annuity from the public employees police and fire retirement plan if the service credit transfer occurred as of the same date, reduced by the amount of the retirement plan asset transfer under paragraph (c) and by the amount of the additional member contribution amount. The present value computation must be made by the actuary retained under Minnesota Statutes, section 356.214, and must utilize the applicable actuarial assumptions under Minnesota Statutes, section 356.215. The additional employer contribution

amount must be paid in a lump sum. If the additional employer contribution payment is not made in a timely fashion, the executive director of the Public Employees Retirement Association shall notify the commissioners of finance and revenue of that fact and the commissioners shall deduct the required amount from any state aid or other state payment amount applicable to the city, plus interest on the amount at the rate of one percent per month from the payment due date to the actual payment date.

(c) Upon the receipt of the additional member contribution under paragraph (a), the executive director shall transfer an amount equal to double the eligible person's member contributions to the coordinated program of the general employees retirement plan for the period from April 2, 1990, to January 1, 1996, plus compound interest at the annual rate of 8.5 percent from August 1, 1993, to the date of transfer from the general employees retirement fund to the public employees police and fire retirement fund.

Subd. 5. **Public safety employment substantiation.** Service credit is transferrable under this section only if the employment for the city of Maple Grove by the eligible person during the period from April 2, 1990, to January 1, 1996, is documented as constituting firefighter employment sufficient to qualify for public employees police and fire retirement plan membership and eligibility if the city of Maple Grove had adopted the resolution under Minnesota Statutes, section 353.64, subdivision 2, as of April 2, 1990. The city of Maple Grove and the eligible person must provide any relevant documentation required by the executive director of the Public Employees Retirement Association.

Subd. 6. **Expiration.** Authority to transfer service credit under this section expires on July 1, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION FOR CERTAIN MNSCU FACULTY MEMBERS.**

(a) Notwithstanding any provision to the contrary of Minnesota Statutes, chapter 354B, an eligible person described in paragraph (b) may elect prospective and retroactive retirement coverage under paragraph (c).

(b) An eligible person is a person who:

(1) was born on December 9, 1954;

(2) was initially employed by the Minnesota State Colleges and Universities system on a part-time basis at Metropolitan State University on January 12, 2004;

(3) was first employed in excess of 25 percent of full-time employment by the Minnesota State Colleges and Universities system on August 27, 2005;

(4) was covered by the higher education individual retirement account plan because of a failure of the Minnesota State Colleges and Universities system to advise about the default retirement coverage provision of Minnesota Statutes, section 354B.21, subdivision 3; and

(5) became a full-time employee of the Minnesota State Colleges and Universities system as a full-time faculty member at Metropolitan State University on July 17, 2007.

(c) An eligible person may elect retirement coverage by the Teachers Retirement Association rather than the higher education individual retirement account plan for faculty employment rendered after the date of the retirement coverage election under this section and for past Minnesota State Colleges and Universities system faculty employment from January 12, 2004, until the date of the retirement coverage election. The election must be made in writing, must be filed with the executive director of the Teachers Retirement Association, and must be accompanied with any relevant documentation required by the executive director of the Teachers Retirement Association.

(d) If an eligible person makes the retirement coverage election under paragraph (c), the eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contribution that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from August 27, 2005, to the date of the retirement coverage election, if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election. Any payment may be made through an institution-to-institution transfer from the eligible person's account in the Minnesota state deferred compensation program or the eligible person's tax-sheltered savings account under the federal Internal Revenue Code, section 403(b).

(e) Upon the transfer of the equivalent member contribution amount and any additional payments under paragraph (d), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Teachers Retirement Association. If the amounts under paragraph (d) and the higher education individual retirement account plan account balance under this paragraph are less than the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay that difference within 60 days of the retirement coverage election date.

(f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person must be credited by the Teachers Retirement Association with allowable and formula service for Minnesota State Colleges and Universities system employment since January 12, 2004.

(g) The authority to make a retirement coverage election under this section expires on January 1, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. TEACHERS RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE AUTHORIZATION.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 354, to the contrary, an eligible person described in paragraph (b) may purchase allowable and formula service credit under Minnesota Statutes, section 354.05, subdivisions 13 and 25, from the Teachers Retirement Association, for the period of prior out-of-state teaching service specified in paragraph (c), by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on April 7, 1976;

(2) was a teacher at the Edwardsville High School in O'Fallon, Illinois, during the 1998-1999, 1999-2000, 2000-2001, and 2001-2002 school years;

(3) was a teacher for Independent School District No. 196, Rosemount, at the Apple Valley High School during the 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007 school years; and

(4) was on a leave of absence from Independent School District No. 196, Rosemount, for the 2007-2008 school year.

(c) The period of prior service credit available for purchase is up to 4.188 years, representing Illinois teaching service rendered during the 1998-1999, 1999-2000, 2000-2001, and 2001-2002 school years. The prior service credit may not exceed one year of service credit in any school year and may not include any prior teaching service that entitles the eligible person to a current or deferred age and service retirement annuity or disability benefit from the Teachers Retirement Association or that was previously subject to a prior service credit purchase from another defined benefit public employee retirement plan.

(d) The purchase payment amount under this section is the amount calculated under Minnesota Statutes, section 356.551. If permitted by federal law and Illinois state law, the purchase payment obligation may be met in whole or in part by an institution-to-institution transfer of the eligible person's account balance in the Illinois Teachers Retirement System.

(e) The election to purchase prior service credit under this section must be made in writing and must be filed with the executive director of the Teachers Retirement Association. The executive director of the Illinois Teachers Retirement System may require the documentation of the applicability of this section and any other relevant information from the eligible person.

EFFECTIVE DATE; EXPIRATION. This section is effective the day following final enactment and expires on January 1, 2010.

Sec. 6. REVISED TOTAL AND PERMANENT DISABILITY BENEFIT, MINNEAPOLIS BOMB SQUAD DISABILITANT.

(a) Notwithstanding Minnesota Statutes 2007 Supplement, section 353.656, subdivision 1a, to the contrary, an eligible person specified in paragraph (b) is entitled to the benefit specified in paragraph (c).

(b) An eligible person is a person who:

(1) was born on September 9, 1964;

(2) was injured on February 9, 2005, while working as a police officer on the city of Minneapolis bomb squad, causing traumatic brain injury;

(3) because of ineligibility for coverage under the federal Old Age, Survivors, and Disability Insurance Program, is not eligible for federal Old Age, Survivors, and Disability Insurance Program disability benefits; and

(4) commenced receiving public employees police and fire retirement plan disability benefits on August 12, 2006.

(c) The disability benefit payable to an eligible person specified in paragraph (b) is 75 percent of average salary as defined in Minnesota Statutes, section 353.01, subdivision 17a. The benefit specified in this paragraph commences on the first day of the month after the effective date, and is in lieu of the disability benefit otherwise provided by law.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. PERA CONSOLIDATED INDEPENDENT SCHOOL DISTRICT NO. 2859, GLENCOE/SILVER LAKE, ANNUITANT WAIVER OF REPAYMENT REQUIREMENT.

(a) Notwithstanding any provisions of Minnesota Statutes 2007 Supplement, section 353.01, subdivision 28, to the contrary, an eligible person described in paragraph (b) must be considered by the executive director of the Public Employees Retirement Association to have retired on September 30, 2003, although the person rendered service in October 2003 as an employee of an independent contractor which provided services to the same governmental subdivision from which the individual terminated service on September 30, 2003.

(b) An eligible person is a person who:

(1) was born on November 13, 1944;

(2) was hired on August 17, 1964, by Independent School District No. 422, Glencoe, predecessor of the now consolidated Independent School District No. 2859, Glencoe/Silver Lake, with coverage by the general employees retirement plan of the Public Employees Retirement Association;

(3) terminated employment as manager of the grounds and transportation for the school district on September 30, 2003; and

(4) relying upon incomplete or erroneous information provided by the Public Employees Retirement Association regarding separation from service requirements as it applies to independent contractor employment, became an employee in October 2003 of the independent contractor providing bus service for the same school district.

(c) Notwithstanding Minnesota Statutes, section 353.27, subdivision 7b, an eligible person described in paragraph (b) must not be required to repay, through suspension or reduction of the annuity or any other means, any Public Employees Retirement Association general plan retirement annuity amount received before December 31, 2004.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. **PERA-GENERAL; CITY OF ST. PAUL EMPLOYEE SERVICE CREDIT PURCHASE.**

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the general employees retirement plan of the Public Employees Retirement Association for the period of employment by the city of St. Paul between May 1, 1982, and March 31, 1984, that qualified as employment by a public employee under Minnesota Statutes 1982, section 353.01, subdivision 2, that was not previously credited by the retirement plan.

(b) An eligible person is a person who:

(1) was born on March 25, 1960;

(2) was first employed by the city of St. Paul on April 23, 1979;

(3) qualified for Public Employees Retirement Association general plan coverage in May 1982 but was not reported by the city of St. Paul to the Public Employees Retirement Association for coverage until April 1984; and

(4) became a member of the general employees retirement plan of the Public Employees Retirement Association in April 1984.

(c) The eligible person described in paragraph (b) is authorized to apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the general employees retirement plan of the Public Employees Retirement Association to the account of the eligible person upon the receipt of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551.

(e) Of the prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the eligible person must pay an amount equal to the employee contribution rate or rates in effect during the uncredited employment period applied to the actual salary rates in effect during the period, plus annual compound interest at the rate of 8.5 percent from the date the member contribution payment should have been made if made in a timely fashion until the date on which the contribution is actually made. If the equivalent member contribution payment, plus interest, is made, the city of St. Paul shall pay the balance of the total prior service credit purchase payment amount under Minnesota Statutes, section 356.551, within 60 days of notification by the executive director of the Public Employees Retirement Association that the member contribution equivalent payment has been received by the association.

(f) Authority for an eligible person to make a prior service credit purchase under this section expires on June 30, 2009, or upon termination of employment covered by the Public Employees Retirement Association, whichever is earlier.

(g) If the city of St. Paul fails to pay its portion of the prior service credit purchase payment amount under paragraph (e), the executive director of the Public Employees Retirement Association must notify the commissioners of finance and revenue of that fact and the commissioners shall order the deduction of the required payment amount from the next payment of any state aid to the city of St. Paul and the commissioners shall transmit the applicable amount to the general employees retirement fund of the Public Employees Retirement Association.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. ST. PAUL SCHOOL BOARD; PRIOR SERVICE PURCHASE.

(a) An eligible person described in paragraph (b) is entitled to purchase prior uncredited service rendered as a member of the board of education of Independent School District No. 625, St. Paul, from the defined contribution retirement plan of the Public Employees Retirement Association.

(b) An eligible person is a person who has one of the following combinations of date of birth, date of initial membership on the board of education of Independent School District No. 625, St. Paul, and first enrolled in the public employees defined contribution plan:

<u>person</u>	<u>birth date</u>	<u>date of initial school board membership</u>	<u>date of enrollment in public employees defined contribution plan</u>
<u>A</u>	<u>January 10, 1955</u>	<u>January 1, 2000</u>	<u>August 28, 2007</u>
<u>B</u>	<u>May 15, 1957</u>	<u>January 1, 2006</u>	<u>January 20, 2007</u>
<u>C</u>	<u>May 7, 1960</u>	<u>January 1, 1992</u>	<u>February 17, 1998</u>
<u>D</u>	<u>July 16, 1969</u>	<u>January 1, 2004</u>	<u>April 13, 2007</u>

(c) To make the purchase, eligible persons A, B, and D shall pay an amount equal to five percent of the salary of the eligible person between the date of the initial school board membership and the date of enrollment in the public employees defined contribution plan, plus compound interest on that amount from the midpoint of that period to the date of payment. To make the purchase, eligible person C shall make two payments, one before December 15, 2008, and the other after January 1, 2009, and before January 31, 2010, each in an amount equal to 2.5 percent of the salary of the eligible person between January 1, 1992, and February 17, 1998, plus compound interest on that amount at the rate of six percent from July 1, 1994, to the date of payment.

(d) If the eligible person makes the payment under paragraph (c), Independent School District No. 625, St. Paul, shall pay an amount equal to the payment amount or amounts under paragraph (c). The employer payment or payments must be made within ten days of the date of notification of the eligible person's payment by the executive director of the Public Employees Retirement Association.

(e) This authority expires on May 31, 2010, or on the first day of the month next following the conclusion of the eligible member's elected public service, whichever occurs earlier.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. **TEACHERS RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE AUTHORIZATION.**

(a) Notwithstanding any provision of Minnesota Statutes, chapter 354, to the contrary, unless the period to be purchased is credited as allowable service by another retirement plan covered by Minnesota Statutes, section 356.30, or is ineligible for credit as allowable or formula service under Minnesota Statutes, chapter 354, an eligible person described in paragraph (b) may purchase allowable and formula service credit under Minnesota Statutes, section 354.05, subdivisions 13 and 25, from the Teachers Retirement Association, for the period specified in paragraph (c), by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on December 8, 1974; and

(2) took a leave of absence from teaching in Wayzata, Independent School District, No. 284, from January, 2006, through March, 2006, during which the person did not receive allowable and formula service credit from the Teachers Retirement Association.

(c) The period of prior service credit available for purchase is 26.5 days.

(d) The purchase payment amount under this section is the amount calculated in Minnesota Statutes, section 356.551.

(e) The election to purchase prior service credit under this section must be made in writing and must be filed with the executive director of the Teachers Retirement Association. The executive director may require documentation of the applicability of this section and any other relevant information from the eligible person.

EFFECTIVE DATE; EXPIRATION. (a) This section is effective the day following final enactment.

(b) This section expires on June 30, 2009.

Sec. 11. **MSRS-UNCLASSIFIED PROGRAM; MARITAL PROPERTY DIVISION.**

(a) An eligible state employee described in paragraph (b) may elect to have the person's account in the unclassified state employees retirement program of the Minnesota State Retirement System governed by Minnesota Statutes, chapter 352D, divided as provided in a marital property division decree as part of a marriage dissolution action prior to the date on which the person terminates state employment.

(b) An eligible state employee is a person who:

(1) was born on July 19, 1953;

(2) was employed by the State Lottery in October 1989; and

(3) filed a marital property division decree from a marriage dissolution action with the executive director of the Minnesota State Retirement System.

(c) The former spouse of an eligible state employee, following the division election under paragraph (a), may, upon filing a written application, withdraw the cash value of the shares to the credit of the former spouse or leave those shares on deposit in the supplemental investment fund.

(d) If the eligible state employee described in paragraph (b) exercises a retirement coverage transfer option election under Minnesota Statutes, section 352D.02, subdivision 3, and if the eligible state employee had previously exercised the division election under paragraph (a), the redemption of shares by the eligible state employee under Minnesota Statutes, section 352D.02, subdivision 3, is limited to the employee's portion of the total account amount and the allowable service credit of the employee in the general state employees retirement plan obtained by the election must bear the same relationship to the total state employment of the employee that the employee's portion of the total account bears to the total account amount. An election by an eligible state employee under Minnesota Statutes, section 352D.02, subdivision 3, does not apply to the former spouse and does not prevent the former spouse from utilizing Minnesota Statutes, section 352D.05, at any time after the division election under paragraph (a) is made or Minnesota Statutes, section 352D.06, when the former spouse attains at least age 55.

(e) A division election under paragraph (a) is irrevocable.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 18

PENSION COMMISSION MEMBERSHIP

Section 1. Minnesota Statutes 2006, section 3.85, subdivision 3, is amended to read:

Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and ~~five~~ seven members of the house of representatives appointed by the speaker. No more than five members from each chamber may be from the majority caucus in that chamber. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Members continue to serve until their successors are appointed. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last Subcommittee on Committees of the senate Committee on Rules and Administration or other appointing authority designated by the senate rules, and house vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house Rules Committee.

EFFECTIVE DATE. This section is effective January 1, 2009."

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; adding two employment positions to the correctional state employees retirement plan; including certain departments of the Rice Memorial Hospital in Willmar and the Worthington Regional Hospital in privatized public employee retirement coverage; providing for the potential dissolution of the Minnesota Post Retirement Investment Fund; increasing teacher retirement plan reemployed annuitant earnings limitations; temporarily exempting Metropolitan Airports Commission police

officers from reemployed annuitant earnings limits; mandating joint and survivor optional annuities rather than single life annuities as basic annuity form; making various changes in retirement plan administrative provisions; clarifying general state employee retirement plan alternative coverage elections by certain unclassified state employees retirement program participants; clarifying direct state aid for the teacher retirement associations; clarifying the handling of unclaimed retirement accounts in the individual retirement account plan; providing for a study of certain Minnesota State Colleges and Universities System tenure track faculty members; modifying the manner in which official actuarial work for public pension plans is performed; allowing pension plans greater latitude in setting salary and payroll assumptions; extending amortization target dates for various retirement plans; making the number and identity of tax-sheltered annuity vendors a mandatory bargaining item for school districts and their employees; allowing a certain firefighter relief association certain benefit increases; allowing security broker-dealers to directly hold local pension plan assets; increasing upmost flexible service pension maximum amounts for volunteer firefighters; creating a voluntary statewide volunteer firefighter retirement plan advisory board within the Public Employees Retirement Association; allowing various retirement plans to accept labor union retired member dues deduction authorizations; authorizing various prior service credit purchases; authorizing certain service credit and coverage transfers; authorizing a disability benefit application to be rescinded; authorizing a retirement coverage termination; providing an additional benefit to certain injured Minneapolis bomb squad officers; allowing certain Independent School District No. 625 school board members to make back defined contribution retirement plan contributions; revising post-2009 additional amortization state aid allocations; modifying PERA-P&F duty disability benefit amounts; authorizing a PERA prior military service credit purchase; revising the administrative duties of the board and the executive director of the Minnesota State Retirement System; increasing pension commission membership; appropriating money; amending Minnesota Statutes 2006, sections 3.85, subdivision 3; 6.67; 11A.18, subdivision 9, by adding subdivisions; 16A.055, subdivision 5; 43A.346, subdivisions 4, 5, 6, 7; 69.011, subdivision 1; 123B.02, subdivision 15; 352.03, subdivisions 4, 5; 352.12, subdivision 2; 352.22, subdivision 10; 352.931, subdivision 1; 352.97; 352.98, subdivisions 1, 2, 3, 4, 5; 352D.075, subdivision 2a; 353.01, subdivisions 10, 11a, by adding a subdivision; 353.27, by adding a subdivision; 353.30, subdivision 3; 353.33, subdivision 5; 353.656, subdivision 2; 353D.05, subdivision 2; 353D.12, subdivision 4; 353E.07, subdivision 7; 354.05, subdivision 37; 354.33, subdivision 5; 354.44, subdivision 5; 354A.12, subdivision 3a; 354A.31, subdivision 3; 354B.20, by adding a subdivision; 354B.25, subdivision 5, by adding a subdivision; 354C.165; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.214, subdivisions 1, 3, by adding a subdivision; 356.215, subdivisions 1, 2, 3, 8, 11, 18; 356.24, subdivision 1; 356.41; 356.46, as amended; 356.47, subdivision 3; 356.551, subdivision 2; 356.611, subdivision 2, by adding a subdivision; 356A.06, subdivisions 1, 7, 8b; 356B.10, subdivision 3; 363A.36, subdivision 1; 383B.914, subdivision 7; 423A.02, subdivision 1b; 424A.001, subdivision 6, by adding a subdivision; 424A.02, subdivisions 3, 7, 9; 424A.05, subdivision 3; 518.003, subdivision 8; Minnesota Statutes 2007 Supplement, sections 43A.346, subdivisions 1, 2; 352.01, subdivision 2a; 352.017, subdivision 2; 352.91, subdivision 3d; 352.955, subdivisions 3, 5; 352D.02, subdivisions 1, 3; 353.01, subdivision 2b; 353.0161, subdivision 2; 353.27, subdivision 14; 353.32, subdivision 1a; 353.656, subdivision 1; 353.657, subdivision 2a; 353F.02, subdivision 4; 354.096, subdivision 2; 354.72, subdivision 2; 354A.12, subdivision 3c; 354C.12, subdivision 4; 356.96, subdivision 1; 422A.06, subdivision 8; Laws 2002, chapter 392, article 2, section 4; Laws 2006, chapter 271, article 5, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A; 352; 353D; 353F; 354; 354C; 356; 423A; repealing Minnesota Statutes 2006, sections 352.96; 354.44, subdivision 6a; 354.465; 354.51, subdivision 4; 354.55, subdivisions 2, 3, 6, 12, 15; 354A.091, subdivisions 1a, 1b; 354A.12, subdivision 3a; 355.629; 356.214, subdivision 2; 356.215, subdivision 2a; Minnesota Statutes 2007 Supplement, section 354A.12, subdivisions 3b, 3c; Laws 1965, chapter 592, sections 3, as amended; 4, as amended; Laws 1967, chapter 575, sections 2, as amended; 3; 4; Laws 1969, chapter 352, section 1, subdivisions 3, 4, 5, 6; Laws 1969, chapter 526, sections 3; 4; 5, as amended; 7, as amended; Laws 1971, chapter 140, sections 2, as amended; 3, as amended; 4, as amended; 5, as amended; Laws 1971, chapter 214, section 1, subdivisions 1, 2, 3, 4, 5; Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6, 7, 8, 9; Laws 1973, chapter 472, section 1, as amended; Laws 1975, chapter 185, section 1; Laws 1985, chapter 261, section 37, as amended; Laws 1991, chapter 125, section 1; Laws 2005, First Special Session chapter 8, article 1, section 23; Minnesota Rules, parts 7905.0100; 7905.0200; 7905.0300; 7905.0400; 7905.0500; 7905.0600; 7905.0700; 7905.0800; 7905.0900; 7905.1000; 7905.1100;

7905.1200; 7905.1300; 7905.1400; 7905.1500; 7905.1600; 7905.1700; 7905.1800; 7905.1900; 7905.2000; 7905.2100; 7905.2200; 7905.2300; 7905.2400; 7905.2450; 7905.2500; 7905.2560; 7905.2600; 7905.2700; 7905.2800; 7905.2900.

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3149, A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related provisions; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure and deed grants; changing and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acre eligibility requirements; providing aggregate resource preservation property tax law; providing seasonal recreational property tax deferral program; modifying eligibility for senior citizen tax deferral program; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; providing a seed capital investment credit; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; prohibiting the imposition of new local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; creating Iron Range revitalization account; changing provisions related to data practices and debt collection; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision; 216B.1646; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14b, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivision 1; 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6b, 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01,

subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision; 469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C; 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 273.11, subdivisions 14, 14a; 273.111, subdivision 6; 290.191, subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

Reported the same back with the following amendments:

Page 30, line 25, delete "or"

Page 30, line 27, after the semicolon, insert "or"

Page 30, after line 27, insert:

"(iv) qualified green manufacturing;"

Page 32, line 9, after "2007" insert ", except that for taxable years beginning during calendar year 2008, the rate under clause (a) is four percent and under clause (b) is two percent"

Page 60, line 26, after the period, insert "This appropriation is onetime and is not added to the agency's base budget."

Page 90, line 27, after the period, insert "It has a class rate of one percent of market value."

Page 91, line 13, after the period, insert "It has a class rate of one percent of market value."

Page 98, after line 30, insert:

"Sec. 28. Minnesota Statutes 2006, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as ~~class 2a~~ agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's ~~class 2a~~ market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value minus .05 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum reduction of \$115. In the case of property that is classified ~~in as part as class 2a agricultural~~ in part as ~~class 2b~~ nonhomestead

~~farm land~~ solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit must be initially computed as if that nonhomestead agricultural land was also classified as ~~class 2a~~ agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter."

Page 131, after line 23, insert:

"\$150,000 is appropriated to the commissioner of revenue from the general fund for fiscal year 2009 for purposes of conducting and preparing this study. This is a onetime appropriation and is not added to the agency's base budget."

Page 143, line 10, after the period, insert "This appropriation is onetime and is not added to the agency's base budget."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 15, delete "a seed capital investment credit" and insert "credits"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3345, A bill for an act relating to economic development; allowing Explore Minnesota Tourism to provide a grant to the Minnesota Film and TV Board; allowing film production costs reimbursements; appropriating money; amending Minnesota Statutes 2006, section 116U.26.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3547, A bill for an act relating to natural resources; modifying aquatic farm and invasive species provisions; authorizing certain fees; modifying horse pass requirements; modifying report requirements for game and fish fund; providing for wildlife disease management; modifying disposition of pheasant habitat improvement account; modifying wild turkey management account; modifying hunting and fishing licensing and taking provisions; requiring reports; providing for rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 17.4981; 84.027, subdivision 15; 84D.10, subdivision 2; 84D.13, subdivision 4; 85.46, subdivision 1; 97A.015, by adding a subdivision; 97A.045, subdivision 11; 97A.055, subdivision 4b; 97A.075, subdivisions 4, 5; 97A.311, subdivision 5; 97A.431, subdivision 2; 97A.433, subdivision 2; 97A.434, subdivision 2; 97A.435,

subdivision 4; 97A.451, subdivision 4, by adding a subdivision; 97A.475, subdivision 5; 97A.485, subdivision 6; 97A.535, subdivision 1; 97B.015, subdivision 5; 97B.041; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivision 6, by adding a subdivision; 97B.405; 97B.431; 97B.621, subdivision 3; 97B.711, subdivision 1; 97B.721; 97C.001, subdivision 3; 97C.005, subdivision 3; 97C.205; 97C.315, subdivision 1; 97C.355, subdivisions 4, 7, 7a; 97C.371, subdivision 4, by adding a subdivision; 97C.395, subdivision 1; 97C.865, subdivision 2; Minnesota Statutes 2007 Supplement, sections 17.4984, subdivision 1; 97A.055, subdivision 4; 97A.405, subdivision 2; 97A.441, subdivision 7; 97A.451, subdivision 3; 97A.475, subdivisions 2, 3, 7, 11, 12, 16; 97B.031, subdivision 1; 97B.035, subdivision 1a; 97B.036; 97B.328; 97C.355, subdivisions 2, 8; proposing coding for new law in Minnesota Statutes, chapter 97C; repealing Minnesota Statutes 2006, section 97A.411, subdivision 2; Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4; 6234.0100, subpart 4.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3725, A bill for an act relating to transportation; authorizing urban partnership agreements to provide for user fees for use of high-occupancy vehicle lanes and dynamic shoulder lanes; appropriating money; amending Minnesota Statutes 2006, sections 160.02, by adding a subdivision; 160.93; 169.01, subdivision 31, by adding a subdivision; 169.306.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3969, A bill for an act relating to state government; authorizing the secretary of state to transfer funds; amending Laws 2007, chapter 148, article 1, section 7.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1724, 2291, 3032, 3149, 3345, 3547, 3725 and 3969 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Lenczewski introduced:

H. F. No. 4228, A bill for an act relating to public finance; allocating additional tax-exempt bonding authority; clarifying application of certain rent restrictions; amending Minnesota Statutes 2006, section 474A.047, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Paulsen and Tingelstad introduced:

H. F. No. 4229, A bill for an act relating to health; setting policy goals for health care reform; providing health insurance reform; establishing health savings accounts for state employees; setting spending targets for health and human services programs; establishing the MinnesotaCare CMF program; modifying procedures for assessing MinnesotaCare taxes; making changes in the tax treatment of premiums and medical expenditures; increasing a tax credit for long-term care insurance; limiting punitive damages and attorney fees for certain medical liability claims; appropriating money; amending Minnesota Statutes 2006, sections 62J.2930, by adding a subdivision; 290.0672, subdivision 2; 295.52, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 290.01, subdivision 19b, as amended; proposing coding for new law in Minnesota Statutes, chapters 43A; 62J; 62Q; 256; 256L; 290; 604.

The bill was read for the first time and referred to the Committee on Health and Human Services.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3477, A bill for an act relating to manufactured housing; providing for regulation of lending practices and default; providing notices and remedies; amending Minnesota Statutes 2006, sections 327.64, subdivision 2; 327.65; 327.66; 327B.01, by adding subdivisions; 327B.08, by adding a subdivision; 327B.09, by adding a subdivision; 327B.12; proposing coding for new law in Minnesota Statutes, chapters 327; 327B.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3722, A bill for an act relating to economic development; providing military reservist economic injury loans; defining terms; appropriating money; amending Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J.

The Senate has appointed as such committee:

Senators Tomassoni, Metzen and Bonoff.

Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2597, A bill for an act relating to education; requiring school boards to seek information from prospective teachers and the Board of Teaching about disciplinary actions against the teachers; amending Minnesota Statutes 2006, section 123B.03, subdivision 2, by adding a subdivision.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Saltzman, Wiger and Torres Ray.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Bigham moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2597. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 4075, A bill for an act relating to agriculture; providing for control of bovine tuberculosis in certain areas; appropriating money; amending Minnesota Statutes 2006, section 97A.045, subdivision 11, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 35.244; proposing coding for new law in Minnesota Statutes, chapter 35.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Olin moved that the House concur in the Senate amendments to H. F. No. 4075 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 4075, A bill for an act relating to agriculture; providing for control of bovine tuberculosis in certain areas; appropriating money; amending Minnesota Statutes 2006, section 97A.045, subdivision 11, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 35.244; proposing coding for new law in Minnesota Statutes, chapter 35.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Hilstrom	Lieder	Ozment	Smith
Anderson, B.	Doty	Hilty	Lillie	Paulsen	Solberg
Anderson, S.	Drazkowski	Holberg	Loeffler	Paymar	Swails
Anzelc	Eastlund	Hoppe	Madore	Pelowski	Thao
Atkins	Eken	Hortman	Magnus	Peppin	Thissen
Benson	Emmer	Hosch	Mahoney	Peterson, A.	Tillberry
Berns	Erickson	Howes	Marquart	Peterson, N.	Tingelstad
Bigham	Faust	Huntley	Masin	Peterson, S.	Tschumper
Bly	Finstad	Jaros	McFarlane	Poppe	Urdahl
Brod	Fritz	Johnson	McNamara	Rukavina	Wagenius
Brown	Gardner	Juhnke	Morgan	Ruth	Ward
Brynaert	Garofalo	Kahn	Morrow	Ruud	Wardlow
Buesgens	Gottwalt	Kalin	Mullery	Sailer	Welti
Bunn	Greiling	Knuth	Murphy, E.	Scalze	Westrom
Carlson	Gunther	Koenen	Murphy, M.	Seifert	Winkler
Clark	Hackbarth	Kohls	Nelson	Sertich	Wollschlager
Cornish	Hamilton	Laine	Nornes	Severson	Zellers
Davnie	Hansen	Lanning	Norton	Shimanski	Spk. Kelliher
Demmer	Hausman	Lenczewski	Olin	Simon	
Dill	Haws	Lesch	Olson	Simpson	
Dittrich	Heidgerken	Liebling	Otremba	Slocum	

The bill was repassed, as amended by the Senate, and its title agreed to.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 3672, A bill for an act relating to relating to liquor; permitting farm wineries to manufacturer and sell distilled spirits under certain conditions; authorizing liquor licenses; making technical corrections; amending Minnesota Statutes 2006, section 340A.315, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 340A.412, subdivision 4.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Skogen, Scheid and Johnson.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Sertich moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 3672. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2369.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2369

A bill for an act relating to education; requiring criminal history background checks; amending Minnesota Statutes 2006, section 123B.03, subdivision 1.

April 24, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2369 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2369 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 123B.03, is amended to read:

123B.03 BACKGROUND CHECK.

Subdivision 1. **Background check required.** (a) A school hiring authority, ~~as defined in subdivision 3,~~ shall request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment ~~in the a school, as defined in subdivision 3 and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular services to a school, regardless of whether any compensation is paid.~~ In order for an individual to be eligible for employment or to provide the services, an the individual who is offered employment must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the ~~election~~ discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority ~~electing~~ deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system computers. A school hiring authority, at its discretion, may ~~elect~~ decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the State Board of Teaching or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority ~~elects~~ decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(d) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(e) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

Subd. 2. **Conditional hiring and services; discharge.** A school hiring authority may hire or otherwise allow an individual to provide a service to a school pending completion of a background check under subdivision 1 but shall notify the individual that the individual's employment or other service may be terminated based on the result of the background check. A school hiring authority is not liable for failing to hire or for terminating an individual's employment or other service based on the result of a background check under this section.

Subd. 3. **Definitions.** For purposes of this section:

(a) "School" means a school as defined in section 120A.22, subdivision 4, except a home school, and includes a school receiving tribal contract or grant school aid under section 124D.83; school, for the purposes of this section, also means a service cooperative, a special education cooperative, or an education district under Minnesota Statutes 1997 Supplement, section 123.35, a charter school under section 124D.10, and a joint powers district under section 471.59.

(b) "School hiring authority" means the school board, or in the case of a nonpublic school, the school principal or other person having general control and supervision of the school.

EFFECTIVE DATE. This section is effective September 1, 2008."

Correct the title numbers accordingly

We request the adoption of this report and repassage of the bill.

Senate Conferees: ANN H. REST, GEN OLSON AND DON BETZOLD.

House Conferees: KARLA BIGHAM, SANDRA PETERSON AND BOB DETTMER.

Bigham moved that the report of the Conference Committee on S. F. No. 2369 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker assumed the Chair.

S. F. No. 2369, A bill for an act relating to education; requiring criminal history background checks; amending Minnesota Statutes 2006, section 123B.03, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 112 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abeler	Carlson	Erickson	Haws	Knuth	Mahoney
Anderson, S.	Clark	Faust	Hilstrom	Kohls	Mariani
Anzelc	Cornish	Finstad	Hilty	Laine	Marquart
Atkins	Davnie	Fritz	Holberg	Lanning	Masin
Benson	Dean	Gardner	Hortman	Lenczewski	McFarlane
Berns	Demmer	Garofalo	Hosch	Lesch	McNamara
Bigham	Dill	Gottwalt	Howes	Liebling	Morgan
Bly	Dittrich	Greiling	Huntley	Lieder	Morrow
Brod	Dominguez	Gunther	Jaros	Lillie	Mullery
Brown	Doty	Hamilton	Johnson	Loeffler	Murphy, E.
Brynaert	Eastlund	Hansen	Kahn	Madore	Murphy, M.
Bunn	Eken	Hausman	Kalin	Magnus	Nelson

Norton	Peppin	Sailer	Slawik	Tillberry	Welti
Olin	Peterson, A.	Scalze	Slocum	Tingelstad	Winkler
Otremba	Peterson, N.	Seifert	Smith	Tschumper	Wollschlager
Ozment	Peterson, S.	Sertich	Solberg	Urdahl	Zellers
Paulsen	Poppe	Severson	Swails	Wagenius	Spk. Kelliher
Paymar	Ruth	Simon	Thao	Ward	
Pelowski	Ruud	Simpson	Thissen	Wardlow	

Those who voted in the negative were:

Anderson, B.	Emmer	Hoppe	Nornes	Shimanski
Buesgens	Hackbarth	Juhnke	Olson	Walker
Drazkowski	Heidgerken	Koenen	Rukavina	Westrom

The bill was repassed, as amended by Conference, and its title agreed to.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3800, A bill for an act relating to transportation; modifying or adding provisions relating to highways, motor vehicles, traffic regulations, drivers' licenses and records, transit, railroads, motor carriers, and other transportation-related programs or activities; imposing penalties; requiring reports; making technical and clarifying corrections; amending Minnesota Statutes 2006, sections 86B.825, subdivision 5; 123B.88, subdivision 3; 161.081, subdivision 3, as amended, by adding subdivisions; 168.011, subdivision 7; 168.012, subdivision 1; 168.021, subdivisions 1, 2; 168.09, subdivision 7; 168.185; 168A.03, subdivision 1; 168A.05, subdivision 9; 168B.051, subdivision 2; 168B.06, subdivisions 1, 3; 168B.07, by adding subdivisions; 168B.08, subdivision 1; 168B.087, subdivision 1; 169.01, subdivisions 55, 76, by adding subdivisions; 169.18, subdivisions 1, 5, by adding a subdivision; 169.224; 169.67, subdivision 3; 169.781, subdivisions 1, 2, 5; 169.79; 169.801; 169.82, subdivision 3; 169.826, subdivision 1a; 169.85, subdivision 1; 169.86, by adding a subdivision; 169A.03, subdivision 23; 171.01, subdivisions 35, 46; 171.02, by adding a subdivision; 171.03; 171.055, subdivisions 1, 2; 171.0701; 171.12, subdivision 6; 171.13, by adding a subdivision; 171.165, subdivision 2; 171.321, subdivision 1; 174.02, subdivision 2; 174.03, subdivision 1; 174.24, by adding a subdivision; 221.011, by adding a subdivision; 221.031, subdivision 1; 221.036, subdivisions 1, 3; 221.121, subdivisions 1, 6a; 221.151, subdivision 1; 299D.03, subdivision 1; 299D.06; 473.1465, by adding a subdivision; 473.388, subdivision 2; 473.399, by adding a subdivision; Minnesota Statutes 2007 Supplement, sections 168.017, subdivision 3; 169.443, subdivision 9; 171.02, subdivision 2; Laws 2002, chapter 393, section 85; Laws 2008, chapter 152, article 2, sections 1, 3, subdivision 2; article 3, sections 6; 8; article 6, section 7; proposing coding for new law in Minnesota Statutes, chapters 123B; 169; 171; 174; 219; repealing Minnesota Statutes 2006, sections 168B.087, subdivision 2; 169.145; 221.121, subdivision 4.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Hortman moved that the House refuse to concur in the Senate amendments to H. F. No. 3800, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2881.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2881

A bill for an act relating to commerce; regulating contracts for deed, rates of interest on certain contracts, and mortgage lending; providing verification of the borrower's reasonable ability to repay a mortgage loan; providing penalties and remedies for a mortgage broker's failure to comply with the broker's duties of agency; amending Minnesota Statutes 2006, sections 47.20, subdivision 2; 334.01, subdivision 2; Minnesota Statutes 2007 Supplement, sections 58.13, subdivision 1; 58.18, subdivisions 1, 2.

April 25, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2881 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

We request the adoption of this report and repassage of the bill.

Senate Conferees: LINDA SCHEID, DAN SPARKS AND RAY VANDEVEER.

House Conferees: JIM DAVNIE, TIM MAHONEY AND NEIL W. PETERSON.

Davnie moved that the report of the Conference Committee on S. F. No. 2881 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2881, A bill for an act relating to commerce; regulating contracts for deed, rates of interest on certain contracts, and mortgage lending; providing verification of the borrower's reasonable ability to repay a mortgage loan; providing penalties and remedies for a mortgage broker's failure to comply with the broker's duties of agency; amending Minnesota Statutes 2006, sections 47.20, subdivision 2; 334.01, subdivision 2; Minnesota Statutes 2007 Supplement, sections 58.13, subdivision 1; 58.18, subdivisions 1, 2.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Holberg	Loeffler	Paymar	Solberg
Anderson, B.	Doty	Hoppe	Madore	Pelowski	Swails
Anderson, S.	Drazkowski	Hortman	Magnus	Peppin	Thao
Anzelc	Eastlund	Hosch	Mahoney	Peterson, A.	Thissen
Atkins	Eken	Howes	Mariani	Peterson, N.	Tillberry
Benson	Erickson	Huntley	Marquart	Peterson, S.	Tingelstad
Berns	Faust	Jaros	Masin	Poppe	Tschumper
Bigham	Finstad	Johnson	McFarlane	Rukavina	Urdahl
Bly	Fritz	Juhnke	McNamara	Ruth	Wagenius
Brod	Gardner	Kahn	Morgan	Ruud	Walker
Brown	Garofalo	Kalin	Morrow	Sailer	Ward
Brynaert	Gottwalt	Knuth	Mullery	Scalze	Wardlow
Bunn	Greiling	Koenen	Murphy, E.	Seifert	Welti
Carlson	Gunther	Kohls	Murphy, M.	Sertich	Westrom
Clark	Hamilton	Laine	Nelson	Severson	Winkler
Cornish	Hansen	Lanning	Nornes	Shimanski	Wollschlager
Davnie	Hausman	Lenczewski	Norton	Simon	Zellers
Dean	Haws	Lesch	Olin	Simpson	Spk. Kelliher
Demmer	Heidgerken	Liebling	Otremba	Slawik	
Dill	Hilstrom	Lieder	Ozment	Slocum	
Dittrich	Hilty	Lillie	Paulsen	Smith	

Those who voted in the negative were:

Buesgens	Emmer	Hackbarth	Olson
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The bill was repassed, as amended by Conference, and its title agreed to.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 3674.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3674

A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2006, sections 13.202, subdivision 3; 13.322,

subdivision 1; 13.3806, subdivision 1; 13.635, subdivision 1; 13.681, subdivision 1; 13.712, subdivision 1; 13.83, subdivision 10; 13.871, subdivisions 1, 6; 17.117, subdivision 3; 46.044, subdivision 1; 72A.20, subdivision 11; 103F.725, subdivision 1a; 103I.005, subdivision 22; 103I.311, subdivision 3; 115A.554; 123B.88, subdivision 19; 124D.59, subdivision 3; 126C.17, subdivision 9; 144.396, subdivision 9; 144.581, subdivision 1; 144A.461; 145B.02, subdivision 5; 148.736, subdivisions 2, 3; 169.01, subdivision 4b; 169.421, subdivision 5; 169.448, subdivision 1; 171.12, subdivision 2a; 174.03, subdivision 8; 175.35; 237.411, subdivision 5; 244.08; 256.98, subdivision 7; 256B.04, subdivision 16; 256B.35, subdivision 1; 256J.30, subdivision 9; 256J.32, subdivision 4; 256J.42, subdivisions 5, 6; 256J.425, subdivisions 5, 6; 256J.46, subdivision 1; 256J.50, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivision 5; 260B.235, subdivision 5; 260C.007, subdivision 6; 270.81, subdivision 1; 270.82, subdivision 1; 270.83, subdivision 3; 273.1398, subdivision 6; 275.065, subdivision 5a; 282.01, subdivision 1b; 289A.08, subdivision 7; 289A.63, subdivision 6; 290.0921, subdivision 3; 297A.70, subdivision 13; 298.282, subdivision 2; 300.15; 300.64, subdivision 4; 321.0108; 332.30; 352.03, subdivision 11; 352.119, subdivision 3; 354.07, subdivision 3; 354A.12, subdivisions 1, 2a; 356.30, subdivision 1; 356.65, subdivision 2; 386.015, subdivision 5; 422A.101, subdivision 2; 424A.02, subdivision 8a; 458D.18, subdivision 9; 469.153, subdivision 2; 480.182; 484.012; 501B.86, subdivision 2; 508A.22, subdivision 3; 518C.310; 550.04; 609.101, subdivision 3; 609.75, subdivision 1; 609B.121; 609B.164; 609B.265, subdivision 3; 609B.515; 611.272; Minnesota Statutes 2007 Supplement, sections 16C.03, subdivision 10; 103I.235, subdivision 1; 136A.127, subdivision 8; 144.121, subdivision 5b; 148.67, subdivision 1; 183.57, subdivision 2; 183.59; 216B.1637; 256.01, subdivision 23; 256.476, subdivision 4; 256B.0915, subdivisions 3a, 3e; 256B.49, subdivision 16a; 256J.49, subdivision 13; 256J.55, subdivision 1; 268.101, subdivision 2; 325E.386, subdivision 1; 326.91, subdivision 1; 352.01, subdivision 2b; 446A.051, subdivision 1; 446A.072, subdivision 5a; Laws 2007, chapter 147, article 19, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609B; repealing Minnesota Statutes 2006, sections 35.701; 35.96, subdivision 5; 62Q.64; 216C.30, subdivision 4; 256E.21, subdivision 3; 289A.11, subdivision 2; 383D.47; 473.1551, subdivision 1; 473.553, subdivision 14; 473.616; 484.69, subdivision 1a; 525.091, subdivision 2; Laws 2006, chapter 270, article 2, section 13; Laws 2007, chapter 128, article 6, section 16; Laws 2007, chapter 134, article 1, section 8; Laws 2007, chapter 147, article 1, section 32.

April 24, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3674 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments.

We request the adoption of this report and repassage of the bill.

Senate Conferees: MEE MOUA, THOMAS M. BAKK AND WARREN LIMMER.

House Conferees: DAVE OLIN, TONY SERTICH AND JOHN BERNS.

Olin moved that the report of the Conference Committee on S. F. No. 3674 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3674, A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2006, sections 13.202, subdivision 3; 13.322, subdivision 1; 13.3806, subdivision 1; 13.635, subdivision 1; 13.681, subdivision 1; 13.712, subdivision 1; 13.83, subdivision 10; 13.871, subdivisions 1, 6; 17.117, subdivision 3; 46.044, subdivision 1; 72A.20, subdivision 11; 103F.725, subdivision 1a; 103I.005, subdivision 22; 103I.311, subdivision 3; 115A.554; 123B.88, subdivision 19; 124D.59, subdivision 3; 126C.17, subdivision 9; 144.396, subdivision 9; 144.581, subdivision 1; 144A.461; 145B.02, subdivision 5; 148.736, subdivisions 2, 3; 169.01, subdivision 4b; 169.421, subdivision 5; 169.448, subdivision 1; 171.12, subdivision 2a; 174.03, subdivision 8; 175.35; 237.411, subdivision 5; 244.08; 256.98, subdivision 7; 256B.04, subdivision 16; 256B.35, subdivision 1; 256J.30, subdivision 9; 256J.32, subdivision 4; 256J.42, subdivisions 5, 6; 256J.425, subdivisions 5, 6; 256J.46, subdivision 1; 256J.50, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivision 5; 260B.235, subdivision 5; 260C.007, subdivision 6; 270.81, subdivision 1; 270.82, subdivision 1; 270.83, subdivision 3; 273.1398, subdivision 6; 275.065, subdivision 5a; 282.01, subdivision 1b; 289A.08, subdivision 7; 289A.63, subdivision 6; 290.0921, subdivision 3; 297A.70, subdivision 13; 298.282, subdivision 2; 300.15; 300.64, subdivision 4; 321.0108; 332.30; 352.03, subdivision 11; 352.119, subdivision 3; 354.07, subdivision 5; 354A.12, subdivisions 1, 2a; 356.30, subdivision 1; 356.65, subdivision 2; 386.015, subdivision 5; 422A.101, subdivision 2; 424A.02, subdivision 8a; 458D.18, subdivision 9; 469.153, subdivision 2; 480.182; 484.012; 501B.86, subdivision 2; 508A.22, subdivision 3; 518C.310; 550.04; 609.101, subdivision 3; 609.75, subdivision 1; 609B.121; 609B.164; 609B.265, subdivision 3; 609B.515; 611.272; Minnesota Statutes 2007 Supplement, sections 16C.03, subdivision 10; 103I.235, subdivision 1; 136A.127, subdivision 8; 144.121, subdivision 5b; 148.67, subdivision 1; 183.57, subdivision 2; 183.59; 216B.1637; 256.01, subdivision 23; 256.476, subdivision 4; 256B.0915, subdivisions 3a, 3e; 256B.49, subdivision 16a; 256J.49, subdivision 13; 256J.55, subdivision 1; 268.101, subdivision 2; 325E.386, subdivision 1; 326.91, subdivision 1; 352.01, subdivision 2b; 446A.051, subdivision 1; 446A.072, subdivision 5a; Laws 2007, chapter 147, article 19, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609B; repealing Minnesota Statutes 2006, sections 35.701; 35.96, subdivision 5; 62Q.64; 216C.30, subdivision 4; 256E.21, subdivision 3; 289A.11, subdivision 2; 383D.47; 473.1551, subdivision 1; 473.553, subdivision 14; 473.616; 484.69, subdivision 1a; 525.091, subdivision 2; Laws 2006, chapter 270, article 2, section 13; Laws 2007, chapter 128, article 6, section 16; Laws 2007, chapter 134, article 1, section 8; Laws 2007, chapter 147, article 1, section 32.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Clark	Finstad	Holberg	Laine	McNamara
Anderson, B.	Cornish	Fritz	Hoppe	Lanning	Morgan
Anderson, S.	Davnie	Gardner	Hortman	Lenczewski	Morrow
Anzelc	Dean	Garofalo	Hosch	Lesch	Mullery
Atkins	Demmer	Gottwalt	Howes	Liebling	Murphy, E.
Benson	Dill	Greiling	Huntley	Lieder	Murphy, M.
Berns	Dittrich	Gunther	Jaros	Lillie	Nelson
Bigham	Dominguez	Hackbarth	Johnson	Loeffler	Nornes
Bly	Doty	Hamilton	Juhnke	Madore	Norton
Brod	Drazkowski	Hansen	Kahn	Magnus	Olin
Brown	Eastlund	Hausman	Kalin	Mahoney	Olson
Brynaert	Eken	Haws	Knuth	Mariani	Otremba
Buesgens	Emmer	Heidgerken	Koenen	Marquart	Ozment
Bunn	Erickson	Hilstrom	Kohls	Masin	Paulsen
Carlson	Faust	Hilty	Kranz	McFarlane	Paymar

Pelowski	Ruth	Shimanski	Swails	Wagenius	Wollschlager
Peppin	Ruud	Simon	Thao	Walker	Zellers
Peterson, A.	Sailer	Simpson	Thissen	Ward	Spk. Kelliher
Peterson, N.	Scalze	Slawik	Tillberry	Wardlow	
Peterson, S.	Seifert	Slocum	Tingelstad	Welti	
Poppe	Sertich	Smith	Tschumper	Westrom	
Rukavina	Severson	Solberg	Urdahl	Winkler	

The bill was repassed, as amended by Conference, and its title agreed to.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3195, A bill for an act relating to environment; establishing an intent to participate in a cap and trade program for greenhouse gas emissions; requiring studies; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216H.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Knuth moved that the House refuse to concur in the Senate amendments to H. F. No. 3195, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 3366, 3193, 1128, 2651 and 3385.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 3366, A bill for an act relating to human services; modifying the phase-in of rebased nursing facility operating cost payment rates; amending Minnesota Statutes 2007 Supplement, section 256B.441, subdivisions 1, 55, 56.

The bill was read for the first time and referred to the Committee on Finance.

S. F. No. 3193, A bill for an act relating to adoption; modifying provisions governing access to adoption records and original birth certificates; amending Minnesota Statutes 2006, sections 13.465, subdivision 8; 144.218, subdivision 1; 144.225, subdivision 2; 144.2252; 144.226, subdivision 1; 259.89, subdivision 1; 260C.317, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2006, sections 259.83, subdivision 3; 259.89, subdivisions 2, 3, 4, 5.

The bill was read for the first time.

Tingelstad moved that S. F. No. 3193 and H. F. No. 3371, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1128, A bill for an act relating to employment; modifying use of personal sick leave benefits; amending Minnesota Statutes 2006, section 181.9413.

The bill was read for the first time.

Walker moved that S. F. No. 1128 and H. F. No. 219, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2651, A bill for an act relating to natural resources; modifying provisions for sale of surplus state land; creating a Minnesota forests for the future program; establishing a revolving account; providing for alternative recording of state forest roads; providing for certain wetland banking credits; modifying provisions related to aquatic farms; providing for expedited exchanges of public land; providing for consultation on certain unallotments; providing for viral hemorrhagic septicemia and wildlife disease control; providing for a voluntary walleye stamp; creating the Lessard-Heritage Enhancement Council; modifying hunting and fishing licensing and taking provisions; modifying certain fund and account provisions; modifying outdoor recreation system provisions; adding to and deleting from state parks, recreation areas, and forests; providing for public and private sales, conveyances, leases, and exchanges of certain state land; requiring reports and studies; appropriating money; amending Minnesota Statutes 2006, sections 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 17.4985, subdivisions 2, 3, 5; 17.4986, subdivisions 1, 2, 4; 17.4987; 17.4988, subdivision 3; 17.4992, subdivision 2; 17.4993; 84.943, subdivision 5; 84D.03, subdivision 4; 86A.04; 86A.08, subdivision 1; 89.715; 97A.015, subdivisions 32a, 41a, by adding subdivisions; 97A.045, subdivisions 7, 11; 97A.055, subdivision 4b; 97A.075, subdivisions 4, 5, by adding a subdivision; 97A.311, subdivision 5; 97A.431, subdivision 2; 97A.433, subdivision 2; 97A.434, subdivision 2; 97A.473, subdivision 2; 97A.474, subdivision 2; 97A.475, subdivision 5, by adding a subdivision; 97A.485, subdivision 6; 97A.535, subdivision 1; 97B.015, subdivision 5; 97B.041; 97B.071; 97B.081; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 1, 2, 4, 6; 97B.621, subdivision 3; 97B.721; 97C.203; 97C.205; 97C.341; 97C.355, subdivisions 4, 7a; 97C.401, subdivision 2; 97C.505, subdivision 1; 97C.515, subdivisions 2, 4, 5; 97C.821; 325D.55, subdivision 1; Minnesota Statutes 2007 Supplement, sections 17.4984, subdivision 1; 97A.055, subdivision 4; 97A.405, subdivisions 2, 4; 97A.441, subdivision 7; 97A.451, subdivision 3; 97A.473, subdivision 5; 97A.475, subdivisions 2, 3; 97B.031, subdivision 1; 97B.036; 97B.328; 97C.355, subdivision 8; Laws 2005, chapter 161, section 25; Laws 2006, chapter 236, article 1, section 43; proposing coding for new law in Minnesota Statutes, chapters 84; 94; 97A; 97B; 97C; 103G; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 97A.411, subdivision 2; 97C.515, subdivision 3; Minnesota Statutes 2007 Supplement, section 97B.301, subdivision 7; Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4.

The bill was read for the first time.

Dill moved that S. F. No. 2651 and H. F. No. 3280, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3385, A bill for an act relating to the environment and natural resources policy; regulating ballast water; modifying solid waste provisions; modifying licensing requirements for individual sewage treatment system professionals; restricting certain construction debris as cover material; modifying requirements for certain air

emission permits; modifying storage tank requirements; modifying toxic chemical release reporting requirements; modifying state park provisions; creating a Minnesota forests for the future program; modifying snowmobile registration requirements; modifying invasive species provisions; modifying campfire provisions; providing a process for designating star lakes or rivers; creating a Star Lake Board as a nonprofit corporation; allowing for the placement of star lake or river signs on highways; reinstating an exemption from the Wetland Conservation Act for approved development; providing wetland bank credit under certain state-held conservation easements; modifying certain lease rates; creating the Lessard-Heritage Enhancement Council; modifying state forest road recording requirements; modifying citizen oversight subcommittees; requiring certain rulemaking; eliminating certain positions, waysides, and prior appropriations; appropriating money; amending Minnesota Statutes 2006, sections 84.82, subdivision 2; 84D.10, subdivision 2; 84D.13, subdivision 4; 85.011; 85.012, subdivisions 28, 49a; 85.013, subdivision 1; 85.053, by adding a subdivision; 85.054, subdivision 3, by adding a subdivision; 88.15, subdivision 2; 89.715; 97A.055, subdivision 4b; 103G.2241, by adding a subdivision; 115A.03, subdivisions 21, 32a; 116.07, subdivision 4a; 116.47; 299K.08, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 115.56, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 103B; 103G; 115; 115A; 116; 173; repealing Minnesota Statutes 2006, sections 84.961, subdivision 4; 85.013, subdivision 21b; Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended.

The bill was read for the first time and referred to the Committee on Finance.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 3672:

Atkins, Tillberry and Zellers.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Thursday, May 1, 2008:

S. F. Nos. 543, 875 and 2786; H. F. No. 3807; S. F. Nos. 2866, 3323, 3189, 651, 3508 and 3715; H. F. No. 3224; and S. F. No. 3363.

CALENDAR FOR THE DAY

S. F. No. 543 was reported to the House.

Olson moved to amend S. F. No. 543, the first engrossment, as follows:

Page 1, after line 3, insert:

"*Whereas*, the good wages and benefits established by unions in America prevent and in many cases eliminate our ability to compete resulting in jobs lost to other countries leaving more poverty here and abroad; and"

Page 1, delete lines 15 to 21 and insert:

"Whereas, United States trade with countries that have economies and wages, that leave their workers poverty stricken also enable world class corporations and governments to extract excessive and unjust wealth from the people; and"

Page 2, line 1, after "Whereas," insert "based upon the 1948 Declaration of Human Rights and today's existing Free Trade policies"

Page 2, line 2, delete "a public" and insert "an international" and after "policy" insert "trade agreement" and delete "including legislative remedies"

Page 2, line 5, after "union" insert "here in America"

Page 2, delete lines 6 to 17 and insert:

"Whereas, the United States trade deficit was 50 percent of the United States gross domestic product in 2007 and unsustainable as it is projected to be 100 percent of the gross domestic product in 2012;

Whereas, our current economic trends, trade deficits, and looming national debt represent the most fragile economy in the history of our nation; Now, Therefore"

Page 2, line 19, after the first "to" insert "establish new trade agreements and support an international" and delete "past the"

Page 2, line 20, delete "America's" and after "workers" insert "around the world"

A roll call was requested and properly seconded.

The question was taken on the Olson amendment and the roll was called. There were 2 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Heidgerken Olson

Those who voted in the negative were:

Abeler	Dominguez	Howes	Lillie	Ozment	Swails
Anzelc	Doty	Huntley	Loeffler	Paymar	Thao
Atkins	Eken	Jaros	Madore	Peterson, A.	Thissen
Benson	Emmer	Johnson	Mahoney	Peterson, N.	Tillberry
Bigham	Faust	Juhnke	Mariani	Peterson, S.	Wagenius
Bly	Fritz	Kahn	Marquart	Rukavina	Walker
Brod	Gardner	Kalin	Morgan	Ruud	Ward
Brynaert	Greiling	Knuth	Morrow	Sailer	Welti
Bunn	Hamilton	Koenen	Mullery	Scalze	Winkler
Carlson	Hansen	Kranz	Murphy, E.	Sertich	Spk. Kelliher
Clark	Hausman	Laine	Murphy, M.	Simon	
Cornish	Haws	Lenczewski	Nelson	Slawik	
Davnie	Hilstrom	Lesch	Norton	Slocum	
Dill	Hilty	Liebling	Olin	Smith	
Dittrich	Hortman	Lieder	Otremba	Solberg	

The motion did not prevail and the amendment was not adopted.

S. F. No. 543, A resolution memorializing Congress to support the Employee Free Choice Act relating to workers' rights to form and join unions.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 84 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Jaros	Loeffler	Ozment	Solberg
Anzelc	Eken	Johnson	Madore	Paymar	Swails
Atkins	Faust	Juhnke	Mahoney	Peterson, A.	Thao
Benson	Fritz	Kahn	Mariani	Peterson, N.	Thissen
Bigham	Gardner	Kalin	Marquart	Peterson, S.	Tillberry
Bly	Greiling	Knuth	Masin	Rukavina	Tingelstad
Brynaert	Hansen	Koenen	Morgan	Ruud	Tschumper
Carlson	Hausman	Kranz	Morrow	Sailer	Urdahl
Clark	Haws	Laine	Mullery	Scalze	Wagenius
Cornish	Hilstrom	Lenczewski	Murphy, E.	Sertich	Walker
Davnie	Hilty	Lesch	Murphy, M.	Simon	Ward
Dill	Hortman	Liebling	Nelson	Slawik	Welti
Dittrich	Howes	Lieder	Olin	Slocum	Winkler
Dominguez	Huntley	Lillie	Otremba	Smith	Spk. Kelliher

Those who voted in the negative were:

Buesgens	Emmer	Gottwalt	Heidgerken	Peppin
Eastlund	Garofalo	Hackbarth	Olson	Seifert

The bill was passed and its title agreed to.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3195:

Knuth; Peterson, A., and Berns.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2597:

Bigham; Peterson, S., and Heidgerken.

CALENDAR FOR THE DAY, Continued

S. F. No. 875 was reported to the House.

Kalin moved to amend S. F. No. 875, the unofficial engrossment, as follows:

Page 2, line 1, reinstate the stricken language

Page 2, line 2, reinstate everything before the stricken "\$4.90" and after the stricken "\$4.90" insert "\$5.25"

Page 2, line 3, reinstate the stricken language and after "hour" insert "effective July 24, 2008"

Page 2, lines 4 and 5, reinstate the stricken language

The motion prevailed and the amendment was adopted.

Norton was excused between the hours of 11:50 a.m. and 12:20 p.m.

S. F. No. 875, A bill for an act relating to employment; increasing and indexing the minimum wage; eliminating the training wage; requiring notice to new employees; amending Minnesota Statutes 2006, section 177.24, subdivision 1, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 82 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jaros	Madore	Paymar	Solberg
Anzelc	Faust	Johnson	Mahoney	Pelowski	Thao
Atkins	Fritz	Juhnke	Mariani	Peterson, A.	Thissen
Benson	Gardner	Kahn	Marquart	Peterson, S.	Tillberry
Bigham	Greiling	Kalin	Masin	Poppe	Tschumper
Bly	Hansen	Knuth	Morgan	Rukavina	Wagenius
Brown	Hausman	Koenen	Morrow	Ruud	Walker
Brynaert	Haws	Kranz	Mullery	Sailer	Ward
Carlson	Hilstrom	Laine	Murphy, E.	Scalze	Welti
Clark	Hilty	Lenczewski	Murphy, M.	Sertich	Winkler
Davnie	Hortman	Lesch	Nelson	Simon	Wollschlager
Dill	Hosch	Liebling	Olin	Slawik	Spk. Kelliher
Dominguez	Howes	Lillie	Otremba	Slocum	
Doty	Huntley	Loeffler	Ozment	Smith	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Garofalo	Kohls	Peppin	Tingelstad
Anderson, S.	Demmer	Gottwalt	Lanning	Peterson, N.	Urdahl
Berns	Dittrich	Gunther	Magnus	Ruth	Wardlow
Brod	Drazkowski	Hackbarth	McFarlane	Seifert	Westrom
Buesgens	Eastlund	Hamilton	McNamara	Severson	Zellers
Bunn	Emmer	Heidgerken	Nornes	Shimanski	
Cornish	Erickson	Holberg	Olson	Simpson	
Dean	Finstad	Hoppe	Paulsen	Swails	

The bill was passed, as amended, and its title agreed to.

Lesch was excused between the hours of 12:10 p.m. and 2:20 p.m.

S. F. No. 2786, A bill for an act relating to occupations; modifying effective dates for restricted plumber licenses; amending Minnesota Statutes 2007 Supplement, section 326.402, subdivisions 1, 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hilstrom	Lillie	Paymar	Swails
Anderson, B.	Dominguez	Hilty	Loeffler	Pelowski	Thao
Anderson, S.	Doty	Holberg	Madore	Peppin	Thissen
Anzelc	Drazkowski	Hoppe	Magnus	Peterson, A.	Tillberry
Atkins	Eastlund	Hortman	Mahoney	Peterson, N.	Tingelstad
Benson	Eken	Hosch	Mariani	Peterson, S.	Tschumper
Berns	Emmer	Howes	Marquart	Poppe	Urdahl
Bigham	Erickson	Huntley	Masin	Rukavina	Wagenius
Bly	Faust	Jaros	McFarlane	Ruth	Walker
Brod	Finstad	Johnson	McNamara	Ruud	Ward
Brown	Fritz	Juhnke	Morgan	Sailer	Wardlow
Brynaert	Gardner	Kahn	Morrow	Scalze	Welti
Buesgens	Garofalo	Kalin	Mullery	Seifert	Westrom
Bunn	Gottwalt	Knuth	Murphy, E.	Sertich	Winkler
Carlson	Greiling	Koenen	Murphy, M.	Severson	Wollschlager
Clark	Gunther	Kohls	Nelson	Shimanski	Zellers
Cornish	Hackbarth	Kranz	Nornes	Simon	Spk. Kelliher
Davnie	Hamilton	Laine	Olin	Simpson	
Dean	Hansen	Lanning	Olson	Slawik	
DeLaForest	Hausman	Lenczewski	Otremba	Slocum	
Demmer	Haws	Liebling	Ozment	Smith	
Dill	Heidgerken	Lieder	Paulsen	Solberg	

The bill was passed and its title agreed to.

H. F. No. 3807 was reported to the House.

Emmer offered an amendment to H. F. No. 3807.

POINT OF ORDER

Hortman raised a point of order pursuant to rule 3.21 that the Emmer amendment was not in order. The Speaker ruled the point of order well taken and the Emmer amendment out of order.

Emmer appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 84 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anzelc	Doty	Huntley	Loeffler	Otremba	Solberg
Atkins	Eken	Jaros	Madore	Paymar	Swails
Benson	Faust	Johnson	Mahoney	Pelowski	Thao
Bigham	Fritz	Juhnke	Mariani	Peterson, A.	Thissen
Bly	Gardner	Kahn	Marquart	Peterson, S.	Tillberry
Brown	Greiling	Kalin	Masin	Poppe	Tingelstad
Brynaert	Hansen	Knuth	Morgan	Rukavina	Tschumper
Bunn	Hausman	Koenen	Morrow	Ruud	Wagenius
Carlson	Haws	Kranz	Mullery	Sailer	Walker
Clark	Hilstrom	Laine	Murphy, E.	Scalze	Ward
Davnie	Hilty	Lenczewski	Murphy, M.	Sertich	Welti
Dill	Hortman	Liebling	Nelson	Simon	Winkler
Dittrich	Hosch	Lieder	Norton	Slawik	Wollschlager
Dominguez	Howes	Lillie	Olin	Slocum	Spk. Kelliher

Those who voted in the negative were:

Abeler	Dean	Finstad	Holberg	Olson	Shimanski
Anderson, B.	DeLaForest	Garofalo	Hoppe	Paulsen	Simpson
Anderson, S.	Demmer	Gottwalt	Kohls	Peppin	Smith
Berns	Drazkowski	Gunther	Lanning	Peterson, N.	Urdahl
Brod	Eastlund	Hackbarth	McFarlane	Ruth	Wardlow
Buesgens	Emmer	Hamilton	McNamara	Seifert	Westrom
Cornish	Erickson	Heidgerken	Nornes	Severson	Zellers

So it was the judgment of the House that the decision of the Speaker should stand.

Emmer moved to amend H. F. No. 3807 as follows:

Page 2, after line 7, insert:

"An employee in the executive branch of state government who has filed a grievance or appeal under a collective bargaining agreement or compensation plan arising out of an incident involving communication to a legislator or an employee in the legislative branch or an elected official in the executive branch may not bring a civil action based on the same incident alleging a violation of clause (f) of this section. An employee in the executive branch of state government who files a civil action alleging a violation of clause (f) of this section may not file a grievance or appeal under a collective bargaining agreement or compensation plan based on the same incident."

The motion did not prevail and the amendment was not adopted.

Kohls moved to amend H. F. No. 3807 as follows:

Page 2, line 3, delete "or"

Page 2, line 7, after the second "branch" insert "; or

(g) an employee in the legislative branch of state government communicates information that the employee, in good faith, believes to be truthful and accurate, and that relates to improving services provided by the legislative branch, to: (1) a legislator or another employee in the legislative branch; or (2) an elected official in the executive branch"

The motion did not prevail and the amendment was not adopted.

The Speaker called Thissen to the Chair.

H. F. No. 3807, A bill for an act relating to state government; providing additional whistleblower protection to state executive branch employees; amending Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 88 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Huntley	Madore	Paymar	Swails
Anzelc	Doty	Jaros	Mahoney	Pelowski	Thao
Atkins	Eken	Johnson	Mariani	Peterson, A.	Thissen
Benson	Faust	Juhnke	Marquart	Peterson, S.	Tillberry
Bigham	Fritz	Kahn	Masin	Poppe	Tingelstad
Bly	Gardner	Kalin	Morgan	Rukavina	Tschumper
Brown	Greiling	Knuth	Morrow	Ruud	Wagenius
Brynaert	Hansen	Koenen	Mullery	Sailer	Walker
Bunn	Hausman	Kranz	Murphy, E.	Scalze	Ward
Carlson	Haws	Laine	Murphy, M.	Sertich	Welti
Clark	Hilstrom	Lenczewski	Nelson	Simon	Winkler
Cornish	Hilty	Liebling	Norton	Slawik	Wollschlager
Davnie	Hortman	Lieder	Olin	Slocum	Spk. Kelliher
Dill	Hosch	Lillie	Otremba	Smith	
Dittrich	Howes	Loeffler	Ozment	Solberg	

Those who voted in the negative were:

Anderson, B.	Buesgens	Draskowski	Finstad	Hackbarth	Hoppe
Anderson, S.	Dean	Eastlund	Garofalo	Hamilton	Kohls
Berns	DeLaForest	Emmer	Gottwalt	Heidgerken	Lanning
Brod	Demmer	Erickson	Gunther	Holberg	Magnus

McFarlane	Olson	Peterson, N.	Severson	Urdahl	Zellers
McNamara	Paulsen	Ruth	Shimanski	Wardlow	
Nornes	Peppin	Seifert	Simpson	Westrom	

The bill was passed and its title agreed to.

S. F. No. 3189, A bill for an act relating to drivers' licenses; imposing \$30 reinstatement fee following revocation of juvenile's license; amending Minnesota Statutes 2006, section 171.29, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Liebling	Olson	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Otremba	Slocum
Anderson, S.	Dominguez	Hilty	Lillie	Ozment	Smith
Anzalc	Doty	Holberg	Loeffler	Paulsen	Solberg
Atkins	Drazkowski	Hoppe	Madore	Paymar	Swails
Benson	Eastlund	Hortman	Magnus	Pelowski	Thao
Berns	Eken	Hosch	Mahoney	Peppin	Thissen
Bigham	Emmer	Howes	Mariani	Peterson, A.	Tillberry
Bly	Erickson	Huntley	Marquart	Peterson, S.	Tingelstad
Brod	Faust	Jaros	Masin	Poppe	Tschumper
Brown	Fritz	Johnson	McFarlane	Rukavina	Urdahl
Brynaert	Gardner	Juhnke	McNamara	Ruth	Wagenius
Buesgens	Garofalo	Kahn	Morgan	Ruud	Walker
Bunn	Gottwalt	Kalin	Morrow	Sailer	Ward
Carlson	Greiling	Knuth	Mullery	Scalze	Wardlow
Clark	Gunther	Koenen	Murphy, E.	Seifert	Walti
Cornish	Hackbarth	Kohls	Murphy, M.	Sertich	Westrom
Davnie	Hamilton	Kranz	Nelson	Severson	Winkler
Dean	Hansen	Laine	Nornes	Shimanski	Wollschlager
DeLaForest	Hausman	Lanning	Norton	Simon	Zellers
Demmer	Haws	Lenczewski	Olin	Simpson	Spk. Kelliher

Those who voted in the negative were:

Finstad

The bill was passed and its title agreed to.

S. F. No. 651 was reported to the House.

Zellers moved to amend S. F. No. 651, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[325E.390] FLAME RETARDANTS IN CERTAIN PRODUCTS; REGISTRATION.**

Subdivision 1. **Registration process.** (a) Effective July 1, 2009, the manufacturer of a flame retardant to be used in any of the following products shall register the use of the flame retardant with the commissioner of the Pollution Control Agency: (1) televisions or computers with an electronic enclosure; (2) upholstered furniture or textiles intended for indoor use in a home or other residential occupancy; or (3) mattresses and mattress pads to be manufactured, processed, or distributed in commerce in Minnesota. The registration shall have a term of one year. The registration is renewable upon a written request.

(b) The initial registration and renewal must include at least the following:

(1) a description of the product in which the flame retardant shall be used, and the amount and type of the flame retardant contained in the product;

(2) an assessment of an alternative flame retardant available for use in the product that may perform the same technical function, may be commercially available, and may be economically practicable;

(3) peer-reviewed environmental health risk assessments of the human health, solid waste, hazardous waste, and wastewater impacts associated with the production, use, recycling, and disposal of the flame retardant used, and any alternative identified in clause (2);

(4) peer-reviewed risk assessments, scientific studies and the relevant findings on the fire safety and health risk to firefighters of the flame retardant used, and any alternatives identified in clause (2);

(5) a listing of alternatives considered not to be technically or economically practicable or commercially available; and

(6) a certification of the accuracy of the information contained in the registration, signed and dated by an official of the registering manufacturer.

(c) If the registration is complete, the registration shall be forwarded to the fire safety committee created under subdivision 2. If the registration is deemed incomplete, the commissioner shall return the registration to the manufacturer with a statement detailing the portions of the registration, which are incomplete.

(d) The registration shall include a payment of \$20,000 and the commissioner shall reserve the right to assess the registrant any additional sums necessary to cover the cost of the review of the registration. The commissioner shall assess the registrant any balance due within 30 days of the date of the Fire Safety Committee's findings and payment shall be due within 60 days after receipt. Revenues from the registration must be deposited in the environmental fund.

Subd. 2. **Fire safety committee.** (a) A Fire Safety Committee is created for the purpose of assessing the registrations filed with the commissioner under subdivision 1.

(b) The Fire Safety Committee consists of the commissioner of the Pollution Control Agency as chair and the following members:

(1) a representative of the commissioner of health;

(2) a representative of the Office of the State Fire Marshal;

(3) a representative of a statewide association representing fire chiefs;

(4) a representative of a recognized statewide council affiliate with an international association representing the interest of professional firefighters; and

(5) a representative of a statewide association representing the interest of volunteer firefighters.

(c) A majority vote of the fire safety committee is required for a finding by the committee that the registrant has demonstrated that there is no alternative flame retardant that performs the same technical function, is commercially available, is economically practicable, provides net health and environmental benefits to the state, and less health risk to firefighters.

(d) The commissioner shall publish the findings of the Fire Safety Committee in the State Register and submit those findings in a report to the appropriate committees of the legislature. The commissioner shall report its initial set of findings by January 15, 2010, and January 15 of each subsequent year."

Delete the title and insert:

"A bill for an act relating to the environment; requiring manufacturers of certain flame retardants to register with the commissioner of the Pollution Control Agency; creating a fire safety committee; proposing coding for new law in Minnesota Statutes, chapter 325E."

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Zellers amendment and the roll was called. There were 57 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Doty	Hamilton	McFarlane	Poppe	Urdahl
Anderson, S.	Drazkowski	Heidgerken	McNamara	Ruth	Ward
Atkins	Eastlund	Holberg	Nornes	Seifert	Wardlow
Berns	Emmer	Hoppe	Olin	Severson	Welti
Brod	Erickson	Howes	Olson	Shimanski	Westrom
Buesgens	Finstad	Kohls	Otremba	Simpson	Wollschlager
Dean	Garofalo	Lanning	Ozment	Smith	Zellers
DeLaForest	Gottwalt	Magnus	Paulsen	Solberg	
Demmer	Gunther	Mahoney	Peppin	Tillberry	
Dill	Hackbarth	Marquart	Peterson, N.	Tingelstad	

Those who voted in the negative were:

Abeler	Bigham	Brynaert	Clark	Dittrich	Faust
Anzelc	Bly	Bunn	Cornish	Dominguez	Fritz
Benson	Brown	Carlson	Davnie	Eken	Gardner

Greiling	Jaros	Lenczewski	Morrow	Peterson, S.	Swails
Hansen	Johnson	Liebling	Mullery	Rukavina	Thao
Hausman	Juhnke	Lieder	Murphy, E.	Ruud	Thissen
Haws	Kahn	Lillie	Murphy, M.	Sailer	Tschumper
Hilstrom	Kalin	Loeffler	Nelson	Scalze	Wagenius
Hilty	Knuth	Madore	Norton	Sertich	Walker
Hortman	Koenen	Mariani	Paymar	Simon	Winkler
Hosch	Kranz	Masin	Pelowski	Slawik	Spk. Kelliher
Huntley	Laine	Morgan	Peterson, A.	Slocum	

The motion did not prevail and the amendment was not adopted.

S. F. No. 651, A bill for an act relating to the environment; restricting the manufacture and sale of certain polybrominated diphenyl ethers; requiring a report; providing penalties; amending Minnesota Statutes 2007 Supplement, sections 325E.386; 325E.387, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 83 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Jaros	Loeffler	Otremba	Slocum
Anzelc	Dominguez	Johnson	Madore	Ozment	Smith
Benson	Eken	Juhnke	Mahoney	Paymar	Swails
Berns	Faust	Kahn	Mariani	Pelowski	Thao
Bigham	Fritz	Kalin	Marquart	Peterson, A.	Thissen
Bly	Gardner	Knuth	Masin	Peterson, S.	Tillberry
Brown	Greiling	Koenen	McNamara	Poppe	Tingelstad
Brynaert	Hansen	Kranz	Morgan	Rukavina	Tschumper
Bunn	Hausman	Laine	Morrow	Ruud	Wagenius
Carlson	Haws	Lanning	Mullery	Sailer	Walker
Clark	Hilstrom	Lenczewski	Murphy, E.	Scalze	Walti
Cornish	Hilty	Liebling	Murphy, M.	Sertich	Winkler
Davnie	Hortman	Lieder	Nelson	Simon	Spk. Kelliher
Dean	Huntley	Lillie	Norton	Slawik	

Those who voted in the negative were:

Anderson, B.	Doty	Gunther	Magnus	Ruth	Wardlow
Anderson, S.	Drazkowski	Hackbarth	McFarlane	Seifert	Westrom
Atkins	Eastlund	Hamilton	Nornes	Severson	Wollschlager
Brod	Emmer	Heidgerken	Olin	Shimanski	Zellers
Buesgens	Erickson	Holberg	Olson	Simpson	
DeLaForest	Finstad	Hoppe	Paulsen	Solberg	
Demmer	Garofalo	Howes	Peppin	Urdahl	
Dill	Gottwalt	Kohls	Peterson, N.	Ward	

The bill was passed and its title agreed to.

S. F. No. 3508, A bill for an act relating to insurance; regulating motor vehicle insurance adjustments; amending Minnesota Statutes 2007 Supplement, section 72B.092, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Hilty	Lillie	Paulsen	Smith
Anderson, S.	Doty	Holberg	Loeffler	Paymar	Solberg
Anzelc	Drazkowski	Hoppe	Madore	Pelowski	Swails
Atkins	Eastlund	Hortman	Magnus	Peppin	Thao
Benson	Eken	Hosch	Mahoney	Peterson, A.	Thissen
Berns	Erickson	Howes	Mariani	Peterson, N.	Tillberry
Bigham	Faust	Huntley	Marquart	Peterson, S.	Tingelstad
Bly	Finstad	Jaros	Masin	Poppe	Tschumper
Brod	Fritz	Johnson	McFarlane	Rukavina	Urdahl
Brown	Gardner	Juhnke	McNamara	Ruth	Wagenius
Brynaert	Garofalo	Kahn	Morgan	Ruud	Walker
Bunn	Gottwalt	Kalin	Morrow	Sailer	Ward
Carlson	Greiling	Knuth	Mullery	Scalze	Wardlow
Clark	Gunther	Koenen	Murphy, E.	Seifert	Welti
Cornish	Hackbarth	Kohls	Murphy, M.	Sertich	Westrom
Davnie	Hamilton	Kranz	Nelson	Severson	Winkler
Dean	Hansen	Laine	Nornes	Shimanski	Wollschlager
DeLaForest	Hausman	Lanning	Norton	Simon	Zellers
Demmer	Haws	Lenczewski	Olin	Simpson	Spk. Kelliher
Dill	Heidgerken	Liebling	Otremba	Slawik	
Dittrich	Hilstrom	Lieder	Ozment	Slocum	

Those who voted in the negative were:

Anderson, B.	Buesgens	Emmer	Olson
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The bill was passed and its title agreed to.

The Speaker called Pelowski to the Chair.

S. F. No. 3715, A bill for an act relating to Steele County; authorizing transfer of nursing home and assisted living facility and related assets to nonprofit corporation and acquisition of membership interest in nonprofit corporation; providing an exception to the moratorium on new nursing home beds for beds transferred to a new site within the county; amending Minnesota Statutes 2006, section 144A.071, subdivision 4c.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hilstrom	Lillie	Paulsen	Solberg
Anderson, B.	Dominguez	Hilty	Loeffler	Paymar	Swails
Anderson, S.	Doty	Holberg	Madore	Pelowski	Thao
Anzelc	Drazkowski	Hoppe	Magnus	Peppin	Thissen
Atkins	Eastlund	Hortman	Mahoney	Peterson, A.	Tillberry
Benson	Eken	Hosch	Mariani	Peterson, N.	Tingelstad
Berns	Emmer	Howes	Marquart	Peterson, S.	Tschumper
Bigham	Erickson	Huntley	Masin	Poppe	Urdahl
Bly	Faust	Jaros	McFarlane	Rukavina	Wagenius
Brod	Finstad	Johnson	McNamara	Ruth	Walker
Brown	Fritz	Juhnke	Morgan	Ruud	Ward
Brynaert	Gardner	Kahn	Morrow	Sailer	Wardlow
Buesgens	Garofalo	Kalin	Mullery	Scalze	Welti
Bunn	Gottwalt	Knuth	Murphy, E.	Seifert	Westrom
Carlson	Greiling	Koenen	Murphy, M.	Sertich	Winkler
Clark	Gunther	Kohls	Nelson	Severson	Wollschlager
Cornish	Hackbarth	Kranz	Nornes	Shimanski	Zellers
Davnie	Hamilton	Laine	Norton	Simon	Spk. Kelliher
Dean	Hansen	Lanning	Olin	Simpson	
DeLaForest	Hausman	Lenczewski	Olson	Slawik	
Demmer	Haws	Liebling	Otremba	Slocum	
Dill	Heidgerken	Lieder	Ozment	Smith	

The bill was passed and its title agreed to.

S. F. No. 3213, A bill for an act relating to human services; making technical changes; amending health care and miscellaneous provisions; amending Minnesota Statutes 2006, sections 254A.035, subdivision 2; 254A.04; 256.046; 256B.093, subdivision 1; 256L.07, subdivision 5; Minnesota Statutes 2007 Supplement, sections 256.01, subdivision 2b; 256.476, subdivisions 4, 5; 256B.057, subdivision 2c; 256B.06, subdivision 4; 256B.0655, subdivision 12; 256D.03, subdivision 3; 256L.15, subdivision 2; repealing Minnesota Statutes 2006, section 256B.039.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Dean	Eken	Greiling	Hilty
Anderson, B.	Brown	DeLaForest	Emmer	Gunther	Holberg
Anderson, S.	Brynaert	Demmer	Erickson	Hackbarth	Hoppe
Anzelc	Buesgens	Dill	Faust	Hamilton	Hortman
Atkins	Bunn	Dittrich	Finstad	Hansen	Hosch
Benson	Carlson	Dominguez	Fritz	Hausman	Howes
Berns	Clark	Doty	Gardner	Haws	Huntley
Bigham	Cornish	Drazkowski	Garofalo	Heidgerken	Jaros
Bly	Davnie	Eastlund	Gottwalt	Hilstrom	Johnson

Juhnke	Loeffler	Murphy, M.	Peterson, N.	Simpson	Walker
Kahn	Madore	Nelson	Peterson, S.	Slawik	Ward
Kalin	Magnus	Nornes	Poppe	Slocum	Wardlow
Knuth	Mahoney	Norton	Rukavina	Smith	Welti
Koenen	Mariani	Olin	Ruth	Solberg	Westrom
Kohls	Marquart	Olson	Ruud	Swails	Winkler
Kranz	Masin	Otremba	Sailer	Thao	Wollschlager
Laine	McFarlane	Ozment	Scalze	Thissen	Zellers
Lanning	McNamara	Paulsen	Seifert	Tillberry	Spk. Kelliher
Lenczewski	Morgan	Paymar	Sertich	Tingelstad	
Liebling	Morrow	Pelowski	Severson	Tschumper	
Lieder	Mullery	Peppin	Shimanski	Urdahl	
Lillie	Murphy, E.	Peterson, A.	Simon	Wagenius	

The bill was passed and its title agreed to.

FISCAL CALENDAR

Pursuant to rule 1.22, Solberg requested immediate consideration of H. F. No. 3292.

H. F. No. 3292, A bill for an act relating to education; managing school trust fund lands; improving the returns for school trust fund lands; redefining the mission of the Permanent School Fund Advisory Committee; providing a report; amending Minnesota Statutes 2006, sections 16A.06, by adding a subdivision; 84.027, by adding a subdivision; 127A.30.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Gunther	Kahn	Masin	Peterson, A.
Anderson, B.	Demmer	Hackbarth	Kalin	McFarlane	Peterson, N.
Anderson, S.	Dill	Hamilton	Knuth	McNamara	Peterson, S.
Anzelc	Dittrich	Hansen	Koenen	Morgan	Poppe
Atkins	Dominguez	Hausman	Kohls	Morrow	Rukavina
Benson	Doty	Haws	Kranz	Mullery	Ruth
Berns	Drazkowski	Heidgerken	Laine	Murphy, E.	Ruud
Bigham	Eastlund	Hilstrom	Lanning	Murphy, M.	Sailer
Bly	Eken	Hilty	Lenczewski	Nelson	Scalze
Brod	Emmer	Holberg	Liebling	Nornes	Seifert
Brown	Erickson	Hoppe	Lieder	Norton	Sertich
Brynaert	Faust	Hortman	Lillie	Olin	Severson
Bunn	Finstad	Hosch	Loeffler	Otremba	Shimanski
Carlson	Fritz	Howes	Madore	Ozment	Simon
Clark	Gardner	Huntley	Magnus	Paulsen	Simpson
Cornish	Garofalo	Jaros	Mahoney	Paymar	Slawik
Davnie	Gottwalt	Johnson	Mariani	Pelowski	Slocum
Dean	Greiling	Juhnke	Marquart	Peppin	Smith

Solberg	Thissen	Tschumper	Walker	Welti	Wollschlager
Swails	Tillberry	Urdahl	Ward	Westrom	Zellers
Thao	Tingelstad	Wagenius	Wardlow	Winkler	Spk. Kelliher

Those who voted in the negative were:

Buesgens Olson

The bill was passed and its title agreed to.

FISCAL CALENDAR

Pursuant to rule 1.22, Solberg requested immediate consideration of H. F. No. 3498.

H. F. No. 3498, A bill for an act relating to public safety; authorizing compensation for members of Firefighter Training and Education Board; amending Minnesota Statutes 2006, section 299N.02, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Heidgerken	Liebling	Otremba	Slawik
Anderson, B.	Dominguez	Hilstrom	Lieder	Ozment	Slocum
Anderson, S.	Doty	Hilty	Lillie	Paulsen	Smith
Anzelc	Drazkowski	Holberg	Loeffler	Paymar	Solberg
Atkins	Eastlund	Hoppe	Madore	Pelowski	Swails
Benson	Eken	Hortman	Magnus	Peppin	Thao
Berns	Emmer	Hosch	Mahoney	Peterson, A.	Thissen
Bigham	Erickson	Howes	Mariani	Peterson, N.	Tillberry
Bly	Faust	Huntley	Marquart	Peterson, S.	Tingelstad
Brod	Finstad	Jaros	Masin	Poppe	Tschumper
Brown	Fritz	Johnson	McFarlane	Rukavina	Urdahl
Brynaert	Gardner	Juhnke	McNamara	Ruth	Wagenius
Bunn	Garofalo	Kahn	Morgan	Ruud	Walker
Carlson	Gottwalt	Kalin	Morrow	Sailer	Ward
Clark	Greiling	Knuth	Mullery	Scalze	Wardlow
Cornish	Gunther	Koenen	Murphy, E.	Seifert	Welti
Davnie	Hackbarth	Kohls	Murphy, M.	Sertich	Westrom
Dean	Hamilton	Kranz	Nelson	Severson	Winkler
DeLaForest	Hansen	Laine	Nornes	Shimanski	Wollschlager
Demmer	Hausman	Lanning	Norton	Simon	Zellers
Dill	Haws	Lenczewski	Olin	Simpson	Spk. Kelliher

Those who voted in the negative were:

Buesgens Olson

The bill was passed and its title agreed to.

CALENDAR FOR THE DAY, Continued

S. F. No. 3363 was reported to the House.

Solberg moved to amend S. F. No. 3363, the second engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 3587, the first engrossment:

"Section 1. Minnesota Statutes 2006, section 3.885, is amended by adding a subdivision to read:

Subd. 10. **Budget development.** The commission or appropriate committee of the house of representatives or senate may develop budget recommendations to present to the legislature. If the commission or committees proceed with the development of budget recommendations, state agencies must provide requested information. That information includes the base budget, information on how the base budget is determined and how it is allocated, recommendations from agency staff for changes in the base level appropriations to improve agency operations and efficiency or to improve or increase efficiency of programs operated by the agency, and responses to proposals for reductions in agency budgets.

Sec. 2. Minnesota Statutes 2006, section 3.885, is amended by adding a subdivision to read:

Subd. 11. **Subcommittee on Government Accountability.** The commission must form a Subcommittee on Government Accountability under section 3.3056 to review recommendations from the commissioner of finance under section 16A.10, subdivision 1c, and to review recommendations from the commissioners of finance and administration on how to improve the use of Minnesota Milestones and other statewide goals and indicators in state planning and budget documents. The subcommittee shall consider testimony from representatives from the following organizations and agencies: (1) nonprofit organizations involved in the preparation of Minnesota Milestones; (2) the University of Minnesota and other higher education institutions; (3) the Department of Finance and other state agencies; and (4) other legislators. The subcommittee shall report to the commission by February 1 of each odd-numbered year with long-range recommendations for the further implementation and uses of Minnesota Milestones and other government accountability improvements.

Sec. 3. Minnesota Statutes 2006, section 3.987, subdivision 1, is amended to read:

Subdivision 1. **Local impact notes.** The commissioner of finance shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, or any rule proposed after December 31, 1999, upon request of the chair or the ranking minority member of either legislative Tax or Finance Committee or the house Committee on Ways and Means. Upon receipt of a request to prepare a local impact note, the commissioner must notify the authors of the proposed legislation or, for an administrative rule, the head of the relevant executive agency or department, that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact

note need not be requested nor prepared. The commissioner shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of finance may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the commissioner of finance with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the commissioner must provide a copy to the authors of the proposed legislation, as well as the chair and ranking minority member of all committees to which a bill is referred, or, for an administrative rule, to the head of the relevant executive agency or department.

Sec. 4. Minnesota Statutes 2006, section 16A.10, subdivision 1, is amended to read:

Subdivision 1. **Budget format.** In each even-numbered calendar year the commissioner shall prepare budget forms and instructions for all agencies, including guidelines for reporting agency performance measures, subject to the approval of the governor. In addition to review required under subdivision 1c, the commissioner shall request and receive advisory recommendations from the chairs of the senate Finance Committee and house of representatives Ways and Means Committee before adopting a format for the biennial budget document. By June 15, the commissioner shall send the proposed budget forms to the appropriations and finance committees. The committees have until July 15 to give the commissioner their advisory recommendations on possible improvements. To facilitate this consultation, the commissioner shall establish a working group consisting of executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means Committees. The commissioner must involve this group in all stages of development of budget forms and instructions. The budget format must show actual expenditures and receipts for the most recent fiscal year, estimated expenditures and receipts for the current fiscal year, and estimates for each fiscal year of the next biennium. Estimated expenditures must be classified by funds and character of expenditures and may be subclassified by programs and activities. Agency revenue estimates must show how the estimates were made and what factors were used. Receipts must be classified by funds, programs, and activities. Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Sec. 5. Minnesota Statutes 2006, section 16A.10, subdivision 1a, is amended to read:

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

- (1) provide information so that the legislature can determine the extent to which state programs are successful;
- (2) encourage agencies to develop clear goals and objectives for their programs; ~~and~~
- (3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services; and
- (4) provide information so that the legislature can determine the extent to which agency resources are being used to achieve performance goals.

Sec. 6. Minnesota Statutes 2006, section 16A.10, subdivision 1c, is amended to read:

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant Minnesota Milestones and other statewide goals and indicators related to the proposed

initiative. By June 15 of each even-numbered year, the commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format and process to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators. By July 15 of each even-numbered year, the subcommittee must approve the format and process for use in the preparation of the budget documents.

Sec. 7. **[16A.107] CASH FLOW FORECAST.**

Within 30 days after the November forecast of state revenue and expenditures under section 16A.103, the commissioner shall deliver to the governor and the legislature a forecast of cash flow for the general fund, showing the expected maximum and minimum cash balance in the fund for each month of the forecast period.

Sec. 8. Minnesota Statutes 2006, section 16A.11, is amended by adding a subdivision to read:

Subd. 8. **Deficiency requests.** By January 15 of each year, the commissioner of finance must notify the chair of the senate Finance Committee and the chair of the house Ways and Means Committee of any budget change requests requiring priority attention to eliminate budget shortfalls likely to occur before the end of the legislative session, or for which legislative inaction would result in the suspension of agency or program operations.

Sec. 9. **[43A.015] DUTIES AND RIGHTS OF EXECUTIVE EMPLOYEES.**

(a) Except as provided in paragraph (b), executive branch state employees are expected during their work hours to be nonpartisan resources to all decision makers, and to provide timely, professional assistance to both executive and legislative decision makers and their staff in understanding the current service and finance system and the potential impact of changes on these systems. Workload concerns related to these requests shall be mediated, if necessary, by management staff in a manner that does not advantage any particular set of decision makers, but allows for balanced support and adequate attention to the ongoing responsibilities of the agency. This section does not authorize or require an employee to disclose data that is not public data under chapter 13.

(b) If an executive branch employee's responsibilities include advocating for the appointing authority's policy goals or political goals, these responsibilities must be included in a position description that is available to the public. A managerial employee must not request an executive branch state employee to advocate policy or political goals during hours of work, except according to the employee's position description.

Sec. 10. Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1, is amended to read:

Subdivision 1. **Prohibited action.** An employer shall not discharge, discipline, threaten, otherwise discriminate against, or penalize an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

(a) the employee, or a person acting on behalf of an employee, in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to an employer or to any governmental body or law enforcement official;

(b) the employee is requested by a public body or office to participate in an investigation, hearing, inquiry;

(c) the employee refuses an employer's order to perform an action that the employee has an objective basis in fact to believe violates any state or federal law or rule or regulation adopted pursuant to law, and the employee informs the employer that the order is being refused for that reason;

(d) the employee, in good faith, reports a situation in which the quality of health care services provided by a health care facility, organization, or health care provider violates a standard established by federal or state law or a professionally recognized national clinical or ethical standard and potentially places the public at risk of harm; ~~or~~

(e) a public employee communicates the findings of a scientific or technical study that the employee, in good faith, believes to be truthful and accurate, including reports to a governmental body or law enforcement official; or

(f) an employee in the executive branch of state government communicates information that the employee, in good faith, believes to be truthful and accurate, and that relates to improving services provided by the executive branch, to: (1) a legislator or an employee in the legislative branch; or (2) an elected official in the executive branch.

The disclosures protected pursuant to this section do not authorize the disclosure of data otherwise protected by law.

Sec. 11. Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended by Laws 2007, chapter 29, section 1, subdivision 4, is amended to read:

Subd. 4. **Duties.** The commission shall have the following duties:

(1) to present to the governor and legislature a plan for grants to pay for capital improvements on Minnesota's historic public and private buildings, to be known as sesquicentennial grants;

(2) to seek funding for activities to celebrate the 150th anniversary of statehood, and to form partnerships with private parties to further this mission;

(3) to present an annual report to the governor and legislature outlining progress made towards the celebration of the sesquicentennial; ~~and~~

(4) to encourage all activities celebrating the sesquicentennial to be as energy efficient as practicable; and

(5) to solicit input and suggestions from communities throughout the state during the sesquicentennial celebration regarding the selection and use of Minnesota Milestones goals and indicators.

Sec. 12. **WORKING GROUP FOR MINNESOTA MILESTONES PROCESS AND INDICATORS.**

By June 1, 2008, the commissioner of finance shall convene a working group of state agency staff, legislative staff, and other interested parties to assist in the preparation of recommendations for the Minnesota Milestones report required under Minnesota Statutes, section 16A.10, subdivision 1c. The working group shall consider collaborative opportunities with community organizations and higher education institutions. The working group expires 30 days after the commissioner has submitted recommendations required under Minnesota Statutes, section 16A.10, subdivision 1c."

Delete the title and insert:

"A bill for an act relating to state government; specifying budget development; establishing a Subcommittee on Government Accountability; aligning performance goals and agency resources; requiring a cash flow forecast; requiring certain duties and establishing certain rights for executive employees; amending Minnesota Statutes 2006, sections 3.885, by adding subdivisions; 3.987, subdivision 1; 16A.10, subdivisions 1, 1a, 1c; 16A.11, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1; Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 43A."

The motion prevailed and the amendment was adopted.

Anderson, S., moved to amend S. F. No. 3363, the second engrossment, as amended, as follows:

Page 4, line 23, delete "executive branch"

Page 4, line 32, delete "executive branch"

Page 5, line 2, delete "an executive branch" and insert "a"

Page 5, line 25, delete "an employee in the executive branch of state government" and insert "a state employee"

Page 5, line 27, delete "executive branch" and insert "state"

A roll call was requested and properly seconded.

The question was taken on the Anderson, S., amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Gottwalt	Lanning	Peterson, N.	Urdahl
Anderson, B.	Demmer	Gunther	Magnus	Poppe	Wardlow
Anderson, S.	Drazkowski	Hackbarth	McFarlane	Ruth	Westrom
Berns	Eastlund	Hamilton	McNamara	Seifert	Zellers
Brod	Emmer	Heidgerken	Nornes	Severson	
Brown	Erhardt	Holberg	Olson	Shimanski	
Buesgens	Erickson	Hoppe	Ozment	Simpson	
Cornish	Finstad	Howes	Paulsen	Smith	
Dean	Garofalo	Kohls	Peppin	Tingelstad	

Those who voted in the negative were:

Anzelc	Eken	Johnson	Madore	Paymar	Thao
Atkins	Faust	Juhnke	Mahoney	Pelowski	Thissen
Benson	Fritz	Kahn	Mariani	Peterson, A.	Tillberry
Bigham	Gardner	Kalin	Marquart	Peterson, S.	Tschumper
Bly	Greiling	Knuth	Masin	Rukavina	Wagenius
Brynaert	Hansen	Koenen	Morgan	Ruud	Walker
Bunn	Hausman	Kranz	Morrow	Sailer	Ward
Carlson	Haws	Laine	Mullery	Scalze	Welti
Clark	Hilstrom	Lenczewski	Murphy, E.	Sertich	Winkler
Davnie	Hilty	Lesch	Murphy, M.	Simon	Wollschlager
Dill	Hortman	Liebling	Nelson	Slawik	Spk. Kelliher
Dittrich	Hosch	Lieder	Norton	Slocum	
Dominguez	Huntley	Lillie	Olin	Solberg	
Doty	Jaros	Loeffler	Otremba	Swails	

The motion did not prevail and the amendment was not adopted.

Urdahl and Brod moved to amend S. F. No. 3363, the second engrossment, as amended, as follows:

Page 1, after line 11, insert:

"Section 1. **CONSTITUTIONAL AMENDMENT.**

An amendment to the Minnesota Constitution, article IV, section 4, is proposed to the people. If the amendment is adopted, the section will read:

Sec. 4. Representatives shall be chosen for a term of two years, except to fill a vacancy. Senators shall be chosen for a term of four years, except to fill a vacancy, and except as otherwise required by this article. There shall be an entire new election of all the senators at the first election of representatives after each new legislative apportionment provided for in this article, and at that election, senators elected from even-numbered districts shall be elected to two-year terms. The governor shall call elections to fill vacancies in either house of the legislature.

Sec. 2. **QUESTION.**

The proposed amendment shall be submitted to the people at the 2008 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to require that, as near as practical, one-half of the members of the senate stand for election at each biennial election of legislators, commencing in 2012?"

Yes
No""

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Urdahl and Brod amendment and the roll was called. There were 54 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Gunther	Kranz	Paulsen	Simpson
Anderson, B.	Drazkowski	Hackbarth	Lanning	Paymar	Slawik
Anderson, S.	Eastlund	Hamilton	Lesch	Peppin	Smith
Berns	Emmer	Heidgerken	Magnus	Peterson, N.	Tingelstad
Brod	Erhardt	Holberg	McFarlane	Poppe	Urdahl
Buesgens	Erickson	Hoppe	McNamara	Ruth	Walker
Cornish	Fritz	Hosch	Nornes	Seifert	Wardlow
Dean	Garofalo	Howes	Olson	Severson	Westrom
DeLaForest	Gottwalt	Kohls	Ozment	Shimanski	Zellers

Those who voted in the negative were:

Anzelc	Dominguez	Huntley	Loeffler	Olin	Swails
Atkins	Doty	Jaros	Madore	Otremba	Thao
Benson	Eken	Johnson	Mahoney	Pelowski	Thissen
Bigham	Faust	Juhnke	Mariani	Peterson, A.	Tillberry
Bly	Finstad	Kahn	Marquart	Peterson, S.	Tschumper
Brown	Gardner	Kalin	Masin	Rukavina	Wagenius
Brynaert	Greiling	Knuth	Morgan	Ruud	Ward
Bunn	Hansen	Koenen	Morrow	Sailer	Welti
Carlson	Hausman	Laine	Mullery	Scalze	Winkler
Clark	Haws	Lenczewski	Murphy, E.	Sertich	Wollschlager
Davnie	Hilstrom	Liebling	Murphy, M.	Simon	Spk. Kelliher
Dill	Hilty	Lieder	Nelson	Slocum	
Dittrich	Hortman	Lillie	Norton	Solberg	

The motion did not prevail and the amendment was not adopted.

Emmer moved to amend S. F. No. 3363, the second engrossment, as amended, as follows:

Page 1, after line 11, insert:

"Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article III, will be repealed.

Sec. 2. **SUBMISSION TO VOTERS.**

The proposed amendment must be submitted to the people at the 2008 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to repeal the separation of powers article providing that the powers of government shall be divided into legislative, executive, and judicial branches, and that no person in one branch shall exercise powers belonging to another branch.....?"

Yes

No"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There was 1 yea and 128 nays as follows:

Those who voted in the affirmative were:

Buesgens

Those who voted in the negative were:

Abeler	Dominguez	Hilstrom	Lieder	Ozment	Solberg
Anderson, B.	Doty	Hilty	Lillie	Paulsen	Swails
Anderson, S.	Drazkowski	Holberg	Loeffler	Paymar	Thao
Anzelc	Eastlund	Hoppe	Madore	Pelowski	Thissen
Atkins	Eken	Hortman	Magnus	Peppin	Tillberry
Benson	Emmer	Hosch	Mahoney	Peterson, A.	Tingelstad
Berns	Erhardt	Howes	Mariani	Peterson, N.	Tschumper
Bigham	Erickson	Huntley	Marquart	Poppe	Urdahl
Bly	Faust	Jaros	Masin	Rukavina	Wagenius
Brod	Finstad	Johnson	McFarlane	Ruth	Walker
Brown	Fritz	Juhnke	McNamara	Ruud	Ward
Brynaert	Gardner	Kahn	Morgan	Sailer	Wardlow
Bunn	Garofalo	Kalin	Morrow	Scalze	Welti
Carlson	Gottwalt	Knuth	Mullery	Seifert	Westrom
Clark	Greiling	Koenen	Murphy, E.	Sertich	Winkler
Cornish	Gunther	Kohls	Murphy, M.	Severson	Wollschlager
Davnie	Hackbarth	Kranz	Nelson	Shimanski	Zellers
Dean	Hamilton	Laine	Nornes	Simon	Spk. Kelliher
DeLaForest	Hansen	Lanning	Norton	Simpson	
Demmer	Hausman	Lenczewski	Olin	Slawik	
Dill	Haws	Lesch	Olson	Slocum	
Dittrich	Heidgerken	Liebling	Otremba	Smith	

The motion did not prevail and the amendment was not adopted.

Emmer offered an amendment to S. F. No. 3363, the second engrossment, as amended.

POINT OF ORDER

Solberg raised a point of order pursuant to rule 3.21 that the Emmer amendment was not in order. Speaker pro tempore Pelowski ruled the point of order well taken and the Emmer amendment out of order.

Hackbarth moved to amend S. F. No. 3363, the second engrossment, as amended, as follows:

Page 1, after line 11, insert:

"Section 1. **[3.165] LEGISLATOR STANDING TO CHALLENGE AGENCY ACTION.**

A legislator who was the chief author in the Senate or the House of Representatives of a bill, or the author of amendment language, that was enacted into law has standing, while a member of the legislature, to file a civil action for declaratory or equitable relief to compel an executive branch state agency or official to properly implement or comply with the language that the legislator authored."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Brod offered an amendment to S. F. No. 3363, the second engrossment, as amended.

POINT OF ORDER

Solberg raised a point of order pursuant to rule 4.03 relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills that the Brod amendment was not in order. Speaker pro tempore Pelowski ruled the point of order well taken and the Brod amendment out of order.

S. F. No. 3363, A bill for an act relating to state government; improving access to budget information by members of the legislature; specifying the development of budget recommendations and requiring state agencies to provide information; establishing a subcommittee of the Legislative Commission on Planning and Fiscal Policy; requiring disclosure of status of fiscal note requests; providing for appeal of fiscal note conclusions; modifying state budget requirements; incorporating Minnesota Milestones goals and indicators in budget preparation; requiring commissioner of finance to adjust for projected inflation in forecasting state expenditures; requiring a forecast of cash flow for the general fund; providing deadline for modifying budget after February forecast; specifying format for detailed budget estimates of expenditures; imposing deadline for notice of deficiency requests; providing a process to increase the budget reserve; requiring state agencies with certain information and telecommunications technology projects to register with the Office of Enterprise Technology and requiring the office to monitor progress on the projects; requiring the Office of Enterprise Technology to report to the legislature regarding its approval process for state agency technology requests and assistance provided to state agencies in developing agency information systems plans; providing additional whistleblower protection to state employees; providing additional duties for the Sesquicentennial Commission; establishing a working group; eliminating obsolete requirements; amending Minnesota Statutes 2006, sections 3.885, subdivisions 4, 5, by adding subdivisions; 3.98, subdivision 4, by adding a subdivision; 3.987, subdivision 1, as amended; 13.605, subdivision 1; 16A.10, subdivisions 1, 1c, 2, by adding a subdivision; 16A.103, subdivisions 1a, 1b; 16A.11, subdivisions 1, 3, by adding a subdivision; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; Minnesota Statutes 2007 Supplement, sections 16A.152, subdivision 2; 181.932, subdivision 1; Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 2006, section 16A.152, subdivision 1b.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anzenc	Eken	Huntley	Loeffler	Paymar	Thao
Atkins	Faust	Jaros	Madore	Pelowski	Thissen
Benson	Fritz	Johnson	Mahoney	Peterson, A.	Tillberry
Bigham	Gardner	Juhnke	Mariani	Peterson, S.	Tschumper
Bly	Greiling	Kahn	Marquart	Poppe	Wagenius
Brown	Hamilton	Kalin	Masin	Rukavina	Walker
Brynaert	Hansen	Knuth	Morgan	Ruud	Ward
Bunn	Hausman	Koenen	Morrow	Sailer	Walti
Carlson	Haws	Kranz	Mullery	Scalze	Winkler
Clark	Hilstrom	Laine	Murphy, E.	Sertich	Wollschlager
Davnie	Hilty	Lenczewski	Murphy, M.	Simon	Spk. Kelliher
Dill	Hornstein	Lesch	Nelson	Slawik	
Dittrich	Hortman	Liebling	Norton	Slocum	
Dominguez	Hosch	Lieder	Olin	Solberg	
Doty	Howes	Lillie	Otremba	Swails	

Those who voted in the negative were:

Abeler	DeLaForest	Garofalo	Lanning	Peppin	Tingelstad
Anderson, B.	Demmer	Gottwalt	Magnus	Peterson, N.	Urdahl
Anderson, S.	Drazkowski	Gunther	McFarlane	Ruth	Wardlow
Berns	Eastlund	Hackbarth	McNamara	Seifert	Westrom
Brod	Emmer	Heidgerken	Nornes	Severson	Zellers
Buesgens	Erhardt	Holberg	Olson	Shimanski	
Cornish	Erickson	Hoppe	Ozment	Simpson	
Dean	Finstad	Kohls	Paulsen	Smith	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 3222 was reported to the House.

Emmer moved to amend H. F. No. 3222, the second engrossment, as follows:

Page 35, after line 3, insert:

"Sec. 32. **HOME MODIFICATIONS.**

Effective upon federal approval, the costs associated with home modifications that add to the square footage of an unlicensed private residence when necessary to complete a modification to configure a bathroom to accommodate a wheelchair may be allowed expenses for home and community-based waiver services provided under Minnesota Statutes, sections 256B.0916 and 256B.49 for persons with disabilities when the following conditions are met:

(1) the annual cost of the care and modifications for the waiver recipient does not exceed the cost of care that would otherwise be incurred for the recipient without the modification, as determined by the local lead agency;

(2) the modification is based on the assessed needs, goals, and best interest of the recipient as identified in the plan of care;

(3) the modification has been found to be the least costly appropriate alternative after other alternatives have been explored through an evaluation by the local lead agency; and

(4) the modification is reasonable given the value and size of the home.

Sec. 33. **WAIVER AMENDMENT.**

The commissioner of human services shall submit an amendment to the Centers for Medicare and Medicaid Services consistent with section 30 by October 1, 2008.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 3222, as amended, was read for the third time.

Brod moved that the action whereby H. F. No. 3222, as amended, was given its third reading be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Brod motion and the roll was called. There were 52 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Gottwalt	Kahn	Otremba	Simpson
Anderson, B.	Dettmer	Gunther	Kohls	Ozment	Smith
Anderson, S.	Drazkowski	Hackbarth	Lanning	Paulsen	Tingelstad
Berns	Eastlund	Hamilton	Magnus	Peppin	Urdahl
Brod	Emmer	Heidgerken	McFarlane	Peterson, N.	Wardlow
Buesgens	Erickson	Holberg	McNamara	Ruth	Westrom
Cornish	Finstad	Hoppe	Murphy, M.	Seifert	Zellers
Dean	Fritz	Hosch	Nornes	Severson	
DeLaForest	Garofalo	Howes	Olson	Shimanski	

Those who voted in the negative were:

Anzelc	Doty	Jaros	Madore	Peterson, S.	Tillberry
Atkins	Eken	Johnson	Mahoney	Poppe	Tschumper
Benson	Erhardt	Juhnke	Mariani	Rukavina	Wagenius
Bigham	Faust	Kalin	Marquart	Ruud	Walker
Bly	Gardner	Knuth	Masin	Sailer	Ward
Brown	Greiling	Koenen	Morgan	Scalze	Welti
Brynaert	Hansen	Kranz	Morrow	Sertich	Winkler
Bunn	Hausman	Laine	Murphy, E.	Simon	Wollschlager
Carlson	Haws	Lenczewski	Nelson	Slawik	Spk. Kelliher
Clark	Hilstrom	Lesch	Norton	Slocum	
Davnie	Hilty	Liebling	Olin	Solberg	
Dill	Hornstein	Lieder	Paymar	Swails	
Dittrich	Hortman	Lillie	Pelowski	Thao	
Dominguez	Huntley	Loeffler	Peterson, A.	Thissen	

The motion did not prevail.

Kohls moved that H. F. No. 3222, as amended, be re-referred to the Committee on Public Safety and Civil Justice.

A roll call was requested and properly seconded.

The question was taken on the Kohls motion and the roll was called. There were 47 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Fritz	Hoppe	Olson	Shimanski
Anderson, B.	Demmer	Garofalo	Howes	Ozment	Simpson
Anderson, S.	Dettmer	Gottwalt	Kohls	Paulsen	Smith
Berns	Drazkowski	Gunther	Lanning	Peppin	Tingelstad
Brod	Eastlund	Hackbarth	Magnus	Peterson, N.	Wardlow
Buesgens	Emmer	Hamilton	McFarlane	Ruth	Westrom
Cornish	Erickson	Heidgerken	McNamara	Seifert	Zellers
Dean	Finstad	Holberg	Nornes	Severson	

Those who voted in the negative were:

Anzelc	Dittrich	Hilty	Kranz	Masin	Peterson, A.
Atkins	Dominguez	Hornstein	Laine	Morgan	Peterson, S.
Benson	Doty	Hortman	Lenczewski	Morrow	Poppe
Bigham	Eken	Hosch	Lesch	Mullery	Rukavina
Bly	Erhardt	Huntley	Liebling	Murphy, E.	Ruud
Brown	Faust	Jaros	Lieder	Murphy, M.	Sailer
Brynaert	Gardner	Johnson	Lillie	Nelson	Scalze
Bunn	Greiling	Juhnke	Loeffler	Norton	Sertich
Carlson	Hansen	Kahn	Madore	Olin	Simon
Clark	Hausman	Kalin	Madore	Otremba	Slawik
Davnie	Haws	Knuth	Mariani	Paymar	Slocum
Dill	Hilstrom	Koenen	Marquart	Pelowski	Solberg

Swails	Tillberry	Wagenius	Welti	Spk. Kelliher
Thao	Tschumper	Walker	Winkler	
Thissen	Urdahl	Ward	Wollschlager	

The motion did not prevail.

H. F. No. 3222, A bill for an act relating to human services; amending health care services provisions; making changes to general assistance medical care, medical assistance, and MinnesotaCare; modifying claims, liens, and treatment of assets; establishing a statewide information exchange; amending Minnesota Statutes 2006, sections 245.462, subdivision 18; 245.470, subdivision 1; 245.4871, subdivision 27; 245.488, subdivision 1; 256B.056, subdivisions 2, 4a, 11, by adding a subdivision; 256B.057, subdivision 1; 256B.0571, subdivisions 8, 9, 15, by adding a subdivision; 256B.058; 256B.059, subdivisions 1, 1a; 256B.0594; 256B.0595, subdivisions 1, 2, 3, 4, by adding subdivisions; 256B.0624, subdivisions 5, 8; 256B.0625, subdivision 13g; 256B.075, subdivision 2; 256B.0943, subdivision 1; 256B.15, subdivision 4; 256B.69, subdivisions 6, 27, 28; 256J.08, subdivision 73a; 524.3-803; Minnesota Statutes 2007 Supplement, sections 256.01, subdivision 2b; 256B.055, subdivision 14; 256B.0623, subdivision 5; 256B.0625, subdivision 49; 256D.03, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 256B.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Jaros	Loeffler	Paymar	Thao
Atkins	Erhardt	Johnson	Madore	Pelowski	Thissen
Benson	Faust	Juhnke	Mahoney	Peterson, A.	Tillberry
Bigham	Fritz	Kahn	Mariani	Peterson, S.	Tschumper
Bly	Gardner	Kalin	Marquart	Poppe	Wagenius
Brown	Greiling	Knuth	Masin	Rukavina	Walker
Brynaert	Hansen	Koenen	Morgan	Ruud	Ward
Bunn	Hausman	Kranz	Morrow	Sailer	Welti
Carlson	Haws	Laine	Mullery	Scalze	Winkler
Clark	Hilstrom	Lanning	Murphy, E.	Sertich	Wollschlager
Davnie	Hilty	Lenczewski	Murphy, M.	Simon	Spk. Kelliher
Dill	Hornstein	Lesch	Nelson	Slawik	
Dittrich	Hortman	Liebling	Norton	Slocum	
Dominguez	Hosch	Lieder	Olin	Solberg	
Doty	Huntley	Lillie	Otremba	Swails	

Those who voted in the negative were:

Anderson, B.	Demmer	Gottwalt	Kohls	Peppin	Tingelstad
Anderson, S.	Dettmer	Gunther	Magnus	Peterson, N.	Urdahl
Berns	Draskowski	Hackbarth	McFarlane	Ruth	Wardlow
Brod	Eastlund	Hamilton	McNamara	Seifert	Westrom
Buesgens	Emmer	Heidgerken	Nornes	Severson	Zellers
Cornish	Erickson	Holberg	Olson	Shimanski	
Dean	Finstad	Hoppe	Ozment	Simpson	
DeLaForest	Garfalo	Howes	Paulsen	Smith	

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Sertich from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 3082, A bill for an act relating to retirement; various retirement plans; adding two employment positions to the correctional state employees retirement plan; including certain departments of the Rice Memorial Hospital in Willmar and the Worthington Regional Hospital in privatized public employee retirement coverage; providing for the potential dissolution of the Minnesota Post Retirement Investment Fund; increasing teacher retirement plan reemployed annuitant earnings limitations; temporarily exempting Metropolitan Airports Commission police officers from reemployed annuitant earnings limits; mandating joint and survivor optional annuities rather than single life annuities as basic annuity form; making various changes in retirement plan administrative provisions; clarifying general state employee retirement plan alternative coverage elections by certain unclassified state employees retirement program participants; clarifying direct state aid for the teacher retirement associations; clarifying the handling of unclaimed retirement accounts in the individual retirement account plan; providing for a study of certain Minnesota State Colleges and Universities System tenure track faculty members; modifying the manner in which official actuarial work for public pension plans is performed; allowing pension plans greater latitude in setting salary and payroll assumptions; extending amortization target dates for various retirement plans; making the number and identity of tax-sheltered annuity vendors a mandatory bargaining item for school districts and their employees; allowing a certain firefighter relief association certain benefit increases; allowing security broker-dealers to directly hold local pension plan assets; increasing upmost flexible service pension maximum amounts for volunteer firefighters; creating a voluntary statewide volunteer firefighter retirement plan advisory board within the Public Employees Retirement Association; allowing various retirement plans to accept labor union retired member dues deduction authorizations; authorizing various prior service credit purchases; authorizing certain service credit and coverage transfers; authorizing a disability benefit application to be rescinded; authorizing a retirement coverage termination; providing an additional benefit to certain injured Minneapolis bomb squad officers; allowing certain Independent School District No. 625 school board members to make back defined contribution retirement plan contributions; revising post-2009 additional amortization state aid allocations; modifying PERA-P&F duty disability benefit amounts; authorizing a PERA prior military service credit purchase; revising the administrative duties of the board and the executive director of the Minnesota State Retirement System; increasing pension commission membership; appropriating money; amending Minnesota Statutes 2006, sections 3.85, subdivision 3; 6.67; 11A.18, subdivision 9, by adding subdivisions; 16A.055, subdivision 5; 43A.346, subdivisions 4, 5, 6, 7; 69.011, subdivision 1; 123B.02, subdivision 15; 352.03, subdivisions 4, 5; 352.12, subdivision 2; 352.22, subdivision 10; 352.931, subdivision 1; 352.97; 352.98, subdivisions 1, 2, 3, 4, 5; 352D.075, subdivision 2a; 353.01, subdivisions 10, 11a, by adding a subdivision; 353.27, by adding a subdivision; 353.30, subdivision 3; 353.33, subdivision 5; 353.656, subdivision 2; 353D.05, subdivision 2; 353D.12, subdivision 4; 353E.07, subdivision 7; 354.05, subdivision 37; 354.33, subdivision 5; 354.44, subdivision 5; 354A.12, subdivision 3a; 354A.31, subdivision 3; 354B.20, by adding a subdivision; 354B.25, subdivision 5, by adding a subdivision; 354C.165; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.214, subdivisions 1, 3, by adding a subdivision; 356.215, subdivisions 1, 2, 3, 8, 11, 18; 356.24, subdivision 1; 356.41; 356.46, as amended; 356.47, subdivision 3; 356.551, subdivision 2; 356.611, subdivision 2, by adding a subdivision; 356A.06, subdivisions 1, 7, 8b; 356B.10, subdivision 3; 363A.36, subdivision 1; 383B.914, subdivision 7; 423A.02, subdivision 1b; 424A.001, subdivision 6, by adding a subdivision; 424A.02, subdivisions 3, 7, 9; 424A.05, subdivision 3; 518.003, subdivision 8; Minnesota Statutes 2007 Supplement, sections 43A.346, subdivisions 1, 2; 352.01, subdivision 2a; 352.017, subdivision 2; 352.91, subdivision 3d; 352.955, subdivisions 3, 5; 352D.02, subdivisions 1, 3; 353.01, subdivision 2b; 353.0161, subdivision 2; 353.27, subdivision 14; 353.32, subdivision 1a; 353.656, subdivision 1; 353.657, subdivision 2a; 353F.02, subdivision 4; 354.096, subdivision 2; 354.72, subdivision 2; 354A.12, subdivision 3c; 354C.12, subdivision 4; 356.96, subdivision 1; 422A.06, subdivision 8; Laws 2002, chapter 392, article 2, section 4; Laws

2006, chapter 271, article 5, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A; 352; 353D; 353F; 354; 354C; 356; 423A; repealing Minnesota Statutes 2006, sections 352.96; 354.44, subdivision 6a; 354.465; 354.51, subdivision 4; 354.55, subdivisions 2, 3, 6, 12, 15; 354A.091, subdivisions 1a, 1b; 354A.12, subdivision 3a; 355.629; 356.214, subdivision 2; 356.215, subdivision 2a; Minnesota Statutes 2007 Supplement, section 354A.12, subdivisions 3b, 3c; Laws 1965, chapter 592, sections 3, as amended; 4, as amended; Laws 1967, chapter 575, sections 2, as amended; 3; 4; Laws 1969, chapter 352, section 1, subdivisions 3, 4, 5, 6; Laws 1969, chapter 526, sections 3; 4; 5, as amended; 7, as amended; Laws 1971, chapter 140, sections 2, as amended; 3, as amended; 4, as amended; 5, as amended; Laws 1971, chapter 214, section 1, subdivisions 1, 2, 3, 4, 5; Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6, 7, 8, 9; Laws 1973, chapter 472, section 1, as amended; Laws 1975, chapter 185, section 1; Laws 1985, chapter 261, section 37, as amended; Laws 1991, chapter 125, section 1; Laws 2005, First Special Session chapter 8, article 1, section 23; Minnesota Rules, parts 7905.0100; 7905.0200; 7905.0300; 7905.0400; 7905.0500; 7905.0600; 7905.0700; 7905.0800; 7905.0900; 7905.1000; 7905.1100; 7905.1200; 7905.1300; 7905.1400; 7905.1500; 7905.1600; 7905.1700; 7905.1800; 7905.1900; 7905.2000; 7905.2100; 7905.2200; 7905.2300; 7905.2400; 7905.2450; 7905.2500; 7905.2560; 7905.2600; 7905.2700; 7905.2800; 7905.2900.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3411, A bill for an act relating to motor fuels; updating standards for petroleum products; providing for use of number to advertise grade of gasoline; amending Minnesota Statutes 2006, sections 239.751, by adding a subdivision; 296A.01, subdivisions 19, 35; Minnesota Statutes 2007 Supplement, sections 239.761; 239.77, subdivision 1; 296A.01, subdivisions 7, 8, 8a, 14, 20, 23, 24, 25, 26, 28.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2996, A bill for an act relating to public safety; allowing persons facing civil commitment as sexually dangerous persons or sexual psychopathic personalities to choose to be confined in correctional facilities while the petition is being adjudicated; addressing the cost of care for persons facing civil commitment; addressing access to certain data; modifying intensive supervised release provisions; modifying fireworks provisions; modifying registration requirements for predatory offenders; establishing a working group to review, assess, and make

recommendations regarding the modification and application of controlled substance laws; providing for a report; requiring studies; amending Minnesota Statutes 2006, sections 13.851, by adding a subdivision; 243.166, subdivisions 1a, 3a, 4; 243.167, subdivision 2; 244.05, subdivision 6; 253B.045, subdivisions 1, 2, by adding a subdivision; 253B.185, subdivision 5; 299C.41, as added if enacted; 609.115, by adding a subdivision; 624.20, subdivision 1; 641.05; Minnesota Statutes 2007 Supplement, section 253B.185, subdivision 1b.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Thisen moved that the House refuse to concur in the Senate amendments to H. F. No. 2996, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3346, A bill for an act relating to housing; providing assistance to prevent mortgage foreclosure; increasing the maximum amount of financial assistance; amending Minnesota Statutes 2006, section 462A.209, subdivision 7.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Hilstrom moved that the House refuse to concur in the Senate amendments to H. F. No. 3346, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2468 and 3058.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2468, A bill for an act relating to economic development; renaming Minnesota Technology, Inc. to Enterprise Minnesota, Inc.; updating provisions; making technical changes; expanding the Agricultural Utilization Research Institute's duties; amending Minnesota Statutes 2006, sections 116O.01; 116O.011; 116O.02, subdivision 6; 116O.03, subdivisions 1a, 7; 116O.04, subdivisions 1, 2; 116O.05, subdivisions 1, 2, 4; 116O.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116O; repealing Minnesota Statutes 2006, sections 116O.06; 116O.07; 116O.071; 116O.072; 116O.08; 116O.091, subdivisions 1, 4, 5, 6; 116O.10; 116O.11; 116O.12; 116O.122.

The bill was read for the first time.

Mahoney moved that S. F. No. 2468 and H. F. No. 2972, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3058, A bill for an act relating to transportation; authorizing urban partnership agreements to provide for user fees for use of high-occupancy vehicle lanes and dynamic shoulder lanes; exempting commissioner of transportation from rulemaking regarding urban partnership agreements, toll facilities, and final layouts for highways; imposing penalties; appropriating money; amending Minnesota Statutes 2006, sections 160.02, by adding a subdivision; 160.93; 169.01, subdivision 31, by adding a subdivision; 169.306.

The bill was read for the first time.

Madore moved that S. F. No. 3058 and H. F. No. 3725, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3172

A bill for an act relating to elections; changing certain ballot delivery, election judge, mail election, special election and special primary, school district election, and postelection review procedures; authorizing continued use of certain applications; amending Minnesota Statutes 2006, sections 203B.06, subdivision 3; 203B.11, subdivision 4; 204B.21; 204B.46; 204D.19, subdivision 2; 204D.23, subdivision 2; 204D.27, by adding a subdivision; 205.075, by adding a subdivision; 205A.03, subdivision 1; 205A.06, subdivision 1a; 205A.10, subdivision 2; 205A.12, by adding a subdivision; 206.89, subdivision 5.

April 30, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3172 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 3172 be further amended as follows:

Page 6, line 4, before "visual" insert "professionally produced"

We request the adoption of this report and repassage of the bill.

House Conferees: GENE PELOWSKI, JR., WILL MORGAN AND LAURA BROD.

Senate Conferees: ANN H. REST, DAN LARSON AND CHRIS GERLACH.

Pelowski moved that the report of the Conference Committee on H. F. No. 3172 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3172, A bill for an act relating to elections; changing certain ballot delivery, election judge, mail election, special election and special primary, school district election, and postelection review procedures; authorizing continued use of certain applications; amending Minnesota Statutes 2006, sections 203B.06, subdivision 3; 203B.11, subdivision 4; 204B.21; 204B.46; 204D.19, subdivision 2; 204D.23, subdivision 2; 204D.27, by adding a subdivision; 205.075, by adding a subdivision; 205A.03, subdivision 1; 205A.06, subdivision 1a; 205A.10, subdivision 2; 205A.12, by adding a subdivision; 206.89, subdivision 5.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hilstrom	Liebling	Ozment	Smith
Anderson, B.	Dominguez	Hilty	Lieder	Paulsen	Solberg
Anzelc	Doty	Holberg	Lillie	Paymar	Swails
Atkins	Drazkowski	Hoppe	Loeffler	Pelowski	Thao
Benson	Eastlund	Hornstein	Madore	Peppin	Thissen
Berns	Eken	Hortman	Magnus	Peterson, A.	Tillberry
Bigham	Erhardt	Hosch	Mahoney	Peterson, N.	Tingelstad
Bly	Erickson	Howes	Mariani	Peterson, S.	Tschumper
Brod	Faust	Huntley	Marquart	Poppe	Urdahl
Brown	Finstad	Jaros	Masin	Rukavina	Wagenius
Brynaert	Fritz	Johnson	McFarlane	Ruth	Walker
Buesgens	Gardner	Juhnke	McNamara	Ruud	Ward
Bunn	Garofalo	Kahn	Morgan	Sailer	Wardlow
Carlson	Gottwalt	Kalin	Morrow	Scalze	Welti
Clark	Greiling	Knuth	Mullery	Seifert	Westrom
Cornish	Gunther	Koenen	Murphy, E.	Sertich	Winkler
Davnie	Hackbarth	Kohls	Murphy, M.	Severson	Wollschlager
Dean	Hamilton	Kranz	Nelson	Shimanski	Zellers
DeLaForest	Hansen	Laine	Nornes	Simon	Spk. Kelliher
Demmer	Hausman	Lanning	Norton	Simpson	
Dettmer	Haws	Lenczewski	Olin	Slawik	
Dill	Heidgerken	Lesch	Otremba	Slocum	

Those who voted in the negative were:

Anderson, S.	Emmer	Olson
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The bill was repassed, as amended by Conference, and its title agreed to.

CALENDAR FOR THE DAY

H. F. No. 3955 was reported to the House.

Thissen moved to amend H. F. No. 3955, the second engrossment, as follows:

Page 2, line 3, delete "only" and insert "every 62 days unless this requirement is waived by the client or their personal representative and then the supervision must occur at least"

Page 5, line 6, delete "and"

Page 5, line 8, delete the period and insert "; and"

(4) any actions taken by the commissioner of health under subdivision 5."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Abeler moved to amend H. F. No. 3955, the second engrossment, as amended, as follows:

Page 2, after line 19, insert:

"Sec. 3. [256.0122] WAIVER SERVICES BEST PRACTICES CONSORTIUM.

Subdivision 1. **Establishment.** The commissioner shall appoint an elderly, home and community-based waiver services best practices consortium. The consortium shall consist of: four members representing the Department of Human Services; two members appointed by the Metropolitan Inter-County Association; two members appointed by the Association of Minnesota Counties; and four members appointed by the Council of Nonprofits. The commissioner of human services shall provide staffing, administrative support, and office space for the consortium out of existing funds of the operations budget. The consortium shall convene its first meeting within two weeks of all members being appointed. The consortium is governed by section 15.0575.

Subd. 2. **Duties; report.** The consortium shall analyze waiver program practices, recommend best practices to the counties and the commissioner, and report to the legislature with recommendations for waiver services best practices, necessary statutory changes, and methods to encourage adoption of these best practices by counties and case managers. The consortium shall provide the legislature with preliminary recommendations by January 15, 2009."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 3955, A bill for an act relating to human services; modifying regulations of certain home care service providers; promoting community-based care for older adults through the establishment of community consortiums; requiring reports; amending Minnesota Statutes 2006, section 144A.45, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Haws	Lenczewski	Olin	Simpson
Anderson, B.	Dittrich	Heidgerken	Lesch	Olson	Slawik
Anderson, S.	Dominguez	Hilstrom	Liebling	Otremba	Slocum
Anzelc	Doty	Hilty	Lieder	Ozment	Smith
Atkins	Drazkowski	Holberg	Lillie	Paulsen	Solberg
Benson	Eastlund	Hoppe	Loeffler	Paymar	Swails
Berns	Eken	Hornstein	Madore	Pelowski	Thao
Bigham	Emmer	Hortman	Magnus	Peppin	Thissen
Bly	Erhardt	Hosch	Mahoney	Peterson, A.	Tillberry
Brod	Erickson	Howes	Mariani	Peterson, N.	Tingelstad
Brown	Faust	Huntley	Marquart	Peterson, S.	Tschumper
Brynaert	Finstad	Jaros	Masin	Poppe	Urdahl
Buesgens	Fritz	Johnson	McFarlane	Rukavina	Wagenius
Bunn	Gardner	Juhnke	McNamara	Ruth	Walker
Carlson	Garofalo	Kahn	Morgan	Ruud	Ward
Clark	Gottwalt	Kalin	Morrow	Sailer	Wardlow
Cornish	Greiling	Knuth	Mullery	Scalze	Welti
Davnie	Gunther	Koenen	Murphy, E.	Seifert	Westrom
Dean	Hackbarth	Kohls	Murphy, M.	Sertich	Winkler
DeLaForest	Hamilton	Kranz	Nelson	Severson	Wollschlager
Demmer	Hansen	Laine	Nornes	Shimanski	Zellers
Dettmer	Hausman	Lanning	Norton	Simon	Spk. Kelliher

The bill was passed, as amended, and its title agreed to.

Sertich moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2996:

Paymar, Liebling and Eastlund.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3346:

Davnie, Nelson and Lanning.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3800:

Hortman, Morrow, Hausman, Nelson and Erhardt.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Carlson announced his intention to place H. F. No. 3149 on the Fiscal Calendar for Monday, May 5, 2008.

MOTIONS AND RESOLUTIONS

Pelowski moved that the name of Poppe be added as an author on H. F. No. 3367. The motion prevailed.

Hosch moved that the name of Benson be added as an author on H. F. No. 3796. The motion prevailed.

Hosch moved that the name of Eken be added as chief author on H. F. No. 3796. The motion prevailed.

Hornstein moved that the name of Murphy, E., be added as an author on H. F. No. 4015. The motion prevailed.

Atkins moved that the name of Murphy, E., be added as an author on H. F. No. 4207. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, May 5, 2008. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Monday, May 5, 2008.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives